

**PURCHASE OF SERVICE AGREEMENT**

THIS PURCHASE OF SERVICE AGREEMENT, made and entered into on the 17<sup>th</sup> day of July 2015, 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 Chief Development Officer ("CDO") 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, 2015, 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 total sum of Five Hundred Seven Thousand Dollars (\$507,000.00) for services required by this Agreement, said services being more particularly described in Exhibit A attached hereto and incorporated herein by reference. One Hundred Fourteen Thousand Two Hundred Fifty (\$114,250.00) of the total sum amount shall be payable each quarter, within 10 days after receipt of the report required in Paragraph 6 herein, July to June, inclusive. Fifty

Thousand Dollars (\$50,000.00) of the total sum amount shall be used by the Organization to fund its Business Education Network (BEN) in the development of a community workforce development plan based on the related data project funded by the Government in FY2015. At a minimum, this plan must address workforce issues and barriers to employment in Lexington with proposals and recommended actions to address and resolve the identified issues and barriers. Payment for the plan will be made upon receipt and acceptance of the plan by the Government.

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 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 10<sup>th</sup> working day of the succeeding quarter, on such forms as the CDO shall provide, submit to the CDO: 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 annually 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 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 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 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.

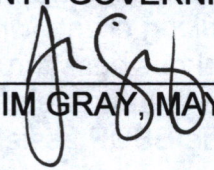
- D. Audit--All investments shall be audited at least annually by independent certified public accountants who shall express an opinion as to whether or not investments during the year audited have conformed with state and local law and regulation and with the approved investment policies.

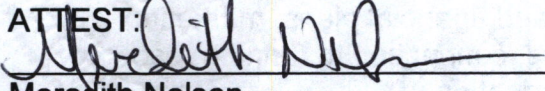
13. This instrument contains the entire agreement between the parties, and no statement, promises or inducements made by either party or agent of either party that is not contained in this written Agreement shall be valid and binding; and this Agreement

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.

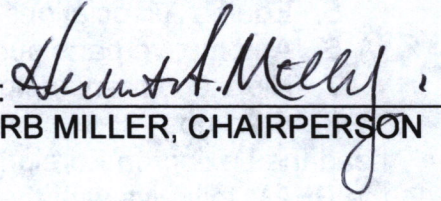
LEXINGTON-FAYETTE URBAN  
COUNTY GOVERNMENT

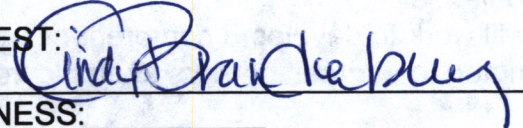
BY:   
JIM GRAY, MAYOR

ATTEST:   
Meredith Nelson  
Clerk of the Urban County Council

CINDY BRANDENBURG  
NOTARY PUBLIC  
STATE AT LARGE - KENTUCKY  
COMMISSION EXPIRES JUNE 20, 2018  
ID # 513756

COMMERCE LEXINGTON, INC.

BY:   
HERB MILLER, CHAIRPERSON

ATTEST:   
WITNESS: \_\_\_\_\_  
DATE: 7/28/15

## **EXHIBIT "A"**

**Lexington/Fayette Urban County Government  
Addendum for Services  
Commerce Lexington**

### **Scope of Work**

#### **Local Contribution**

During fiscal year 2016 Commerce Lexington (CLEX) will use these funds to:

- Support the activities of the Bluegrass Business Development Partnership (Lexington-Fayette Urban County Government, University of Kentucky and Commerce Lexington). Activities include being a one-stop super services provider linking clients with economic development team members.
- Assist local business thru retention and expansion efforts.
- Encourage entrepreneurial activity in all sectors of our economy
- Through the BBDP 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.
- 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. High tech manufacturing
  8. Start-ups
- Lead the Lexington Foreign Direct Investment (FDI) effort in partnership with the BEAM Initiative with the City of Louisville.
- Business Education Network (BEN) will work to develop a comprehensive workforce development plan for Lexington to address barriers to employment and other employment issues.
- Act as a resource for workforce development with the Lexington-Fayette Urban County Government
- Assist in implementation of BEAM related objectives with the Chief Development Officer of the Lexington-Fayette Urban County Government
- Consult with labor economist to create report analyzing Lexington's employment market, including employment size, employment growth trajectory and employment gaps for Lexington's key industry sectors.

CINDY BRANDENBURG  
NOTARY PUBLIC  
STATE OF KENTUCKY  
COMMISSION EXPIRES JUNE 30, 2018



**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 2016**

**Economic Development Partner Agency:**

Commerce Lexington (CLEX)

**Date:**

Put Submission Date Here

**Outcome Evaluation**

Using this Addendum "B" to the Commerce Lexington (CLEX) Purchase of Service Agreement, please demonstrate progress towards stated goals and initiatives

NOTE: If there have been changes to your Lexington-Fayette Urban County Government 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](mailto:katkins@lexingtonky.gov)) to discuss the proposed amendments.

**Business recruitment efforts including focus on identified key strategic targets**

**1. Please describe efforts in the previous quarter in recruitment of Bio/Pharmaceutical related companies? If any companies in this sector have located or expanded in Lexington please indicate the number of new positions and the median income for the new positions.**

ANSWER (1) HERE

**2. Please describe efforts in the previous quarter in recruitment of technology based businesses? If any companies in this sector have located or expanded in Lexington please indicate the number of new positions and the median income for the new positions.**

ANSWER (2) HERE

**3. Please describe efforts in the previous quarter in recruitment of equine associations? If any new associations in this sector have located or expanded in Lexington please indicate the number of new positions and the median income for the new positions.**

ANSWER (3) HERE

**4. Please describe efforts in the previous quarter in recruitment of automotive parts suppliers? If any new suppliers in this sector have located or expanded in Lexington please indicate the number of new positions and the median income for the new positions.**

ANSWER (4) HERE

**5. Please describe efforts in the previous quarter in recruitment of high tech manufacturing companies? If any companies in this sector have located or expanded in Lexington please indicate the number of new positions and the median income for the new positions.**

ANSWER (5) HERE

**6. Please describe efforts in the previous quarter to work with and or recruit start up companies? If any companies in this sector have located or expanded in Lexington please indicate the number of new positions and the median income for the new positions.**

ANSWER (6) HERE

**7. Please describe efforts in the previous quarter to work with area university and college alumni networks to assist in recruitment of companies to Lexington?**

ANSWER (7) HERE

**8. Please describe outreach to consulting firms in the previous quarter to assist in the recruitment of companies to Lexington? Please list in any specific outcomes from those efforts.**

ANSWER (8) HERE

### **Assist local business thru retention and expansion efforts**

**1. Please describe efforts in the most recent quarter in working with companies to expand in Lexington? What is the current status of those efforts?**

ANSWER (1) HERE

**2. Please describe efforts in the most recent quarter in working with companies regarding retention of jobs in Lexington? What is the current status of those efforts?**

ANSWER (2) HERE

### **Support the activities of the Bluegrass Business Development Partnership (Lexington-Fayette Urban County Government, University of Kentucky and Commerce Lexington)**

**1. How many companies have worked with the Bluegrass Business Development Partnership in the most recent quarter to discuss locating or expanding in Lexington? How many new potential jobs in Lexington are a potential result of those conversations?**

ANSWER (1) HERE

**2. Please describe the activities of the Bluegrass Business Development Partnership in the most recent quarters to assist with business and financial plans, marketing, university commercialization opportunities, connection to funding resources, and loan programs and tax incentive information.**

ANSWER (2) HERE

### **Entrepreneurial activity in all sectors of Lexington economy**

**1. Please detail the efforts of Commerce Lexington to work with entrepreneurs and the entrepreneurial community in the most recent quarter? If any new jobs were created as a result of these efforts please list the number of jobs and the median income of the positions.**

ANSWER (1) HERE

**2. Please describe any barriers or obstacles that have been identified to assisting with entrepreneurial activity in Lexington.**

ANSWER (2) HERE

### **Assist minority and women business owners/manager with private business opportunities**

**1. Please describe Commerce Lexington efforts in the most recent quarter to work with minority and women business owned companies? What were the outcomes of these efforts? If the efforts resulted in new jobs please list the number of new positions and the median income of the positions.**

ANSWER (1) HERE

**2. Please describe any barriers or obstacles to the efforts to work with minority and women business owned companies in the Lexington community?**

ANSWER (2) HERE

### **Bluegrass Economic Advancement Movement (BEAM)**

**1. Please describe Commerce Lexington efforts in the most recent quarter in regard to the Foreign Direct Investment partnership with BEAM and the City of Louisville? Did any new investment occur as a result of those efforts in the most recent quarter?**

ANSWER (1) HERE

## Workforce Development

**1. Please provide an update on the progress during the most recent quarter of the Business Education Network (BEN) to develop a comprehensive workforce development plan for Lexington that addresses barriers to employment and other employment issues?**

ANSWER (1) HERE

**2. Please provide examples of efforts by BEN to work with employers and education leaders in the most recent quarter to address workforce issues?**

ANSWER (2) HERE

**Mission Statement: Commerce Lexington Inc.'s economic development strategy focuses on three core economic development efforts: Business Retention & Expansion, Business Attraction and Entrepreneurial Development.**

**The aim of these three efforts is to create new primary jobs that increase the per capita income, increase the amount of income entering our community, and create greater capital investment in our region. In parallel with these efforts, Commerce Lexington Inc. also implements community development strategies supporting minority business and workforce development. Commerce Lexington Inc. approaches these strategies with a regional perspective, concentrating our energies on Lexington and its surrounding counties.**

**1. Please provide the measures of success during the most recent quarter based on the Commerce Lexington mission statement. Describe how those have improved from the previous quarter.**

ANSWER (1) HERE

**Describe efforts to diversify dependence on yearly funding from the Lexington-Fayette Urban County Government. What percentage of your funding is from Lexington-Fayette Urban County Government Dollars?**

ANSWER HERE

**CERTIFICATION**

As the Chair or 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 Lexington-Fayette Urban County Government 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(s).

**Name:**

INSERT NAME HERE

**Title:**

INSERT TITLE HERE

**Date:**

INSERT DATE HERE

**THIS REPORT AND ANY REQUIRED ATTACHMENT(S) ARE DUE IN THE OFFICE OF THE CHIEF DEVELOPMENT OFFICER NO LATER THAN:**

**1ST QUARTER: OCTOBER 14, 2015**

**2ND QUARTER: JANUARY 14, 2015**

**3RD QUARTER: APRIL 14, 2015**

**4TH QUARTER: JULY 14, 2015**

**THIS REPORT SHOULD BE COMPLETED AND SUBMITTED VIA EMAIL TO THE OFFICE OF THE CHIEF DEVELOPMENT OFFICER ALONG WITH QUARTERLY FUNIDNG REQUEST INVOICE TO:**

Kevin Atkins  
Chief Development Officer  
Lexington-Fayette Urban County Government  
[katkins@lexingtonky.gov](mailto:katkins@lexingtonky.gov)