

PURCHASE OF SERVICE AGREEMENT

THIS PURCHASE OF SERVICE AGREEMENT, made and entered into on the 5th day of July 2016, by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky, created pursuant to KRS chapter 67A ("Government"), 200 East Main Street, Lexington, Kentucky 40507, on behalf of its Chief Development Officer ("CDO"), and **LEXARTS, INC.** ("Organization"), with offices located at 161 North Mill Street, Lexington, Kentucky 40507, with an effective date of July 1, 2016.

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, 2016, and continuing for a period of twelve (12) months from that date unless within that period Government gives the Organization written notice of termination of this Agreement in which case this Agreement shall terminate thirty (30) days from the date notice is given to the Organization.

2. In consideration for the Organization providing the services more particularly described herein, the Government shall pay the organization the sum of Four Hundred Eighty Nine Thousand and Forty-Seven Dollars (- \$489,047) for services required by this Agreement, said services being more particularly described in Exhibit A attached here to and incorporated herein by reference. One Hundred Twenty-Two Thousand Two Hundred Sixty-One Dollars and Seventy-Five Centers (\$122,261.75) of the total sum amount shall be payable each quarter, within ten (10) days after receipt of

the report required in Paragraph 6 herein, July to June, inclusive. Said services shall include: re-granting funds to nonprofit organizations providing arts and cultural programming in Lexington-Fayette County; providing below-market rental space for arts organizations at ArtsPlace; organizing and managing community arts events; and publishing materials related to the arts. Lexington-Fayette Urban County Government funds may not be used to provide Cost of Living Increases beyond 3%.

3. In the event of termination of this Agreement by Government as provided for in paragraph 1 above, Organization shall be entitled to that portion of total compensation due under this Agreement as the service rendered bears to the service required thereunder.

4. Organization shall perform all duties and services included in the Addendum attached hereto faithfully and satisfactorily at the time, place and for the duration prescribed herein. Organization shall keep itself fully informed of all national and state laws and all municipal ordinances and regulations in any manner affecting the work or performance of this Agreement, and shall at all times observe and comply with such laws, ordinances and regulations, whether or not such laws, ordinances or regulations are mentioned herein, and shall indemnify Government, its officers, agents and employees against any claim or liability arising from and based on Organization's violation of any such laws, ordinances or regulations.

5. Organization represents that it has filed federal, state or local income tax returns required by law in the legally prescribed time and manner. This Agreement shall not become effective unless and until copies of all of the executed originals of the aforementioned tax returns filed for the most recent tax year for the Organization have

been registered by the Organization in the Office of the CDO, and the Organization shall not be compensated unless and until such registration has taken place.

6. The Organization shall, at the end of each quarter and by no later than the 10th day of the succeeding quarter (October 10, 2016; January 10, 2017; April 10, 2017 and July 10, 2017), on such forms as the Government 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 agreed to by the CDO); and (c) an invoice requesting compensation for the services provided during the preceding quarter. Failure to submit the quarterly report and invoice described herein by the required date shall result in the quarterly payment to Organization being withheld until the next reporting period. In addition, Organization may be required to present a progress report as to its activities annually before the Urban County Council's Budget, Finance & Economic Development Committee, or as otherwise instructed by the Government.

7. Books of accounts shall be kept by the Organization and entries shall be made therein of all money, goods, effects, debts, sales, purchases, receipts, payments and any other transactions of the Organization. The books of accounts, together with all bonds, notes, bills, letters and other writings belonging to the Organization, shall be maintained at the principal place of business of the Organization as set forth in this Agreement. Government shall have free and complete access to the books, papers and affairs of the Organization at all reasonable times, and if it desires, it may have the

books and papers of the Organization audited and examined by auditors, accountants or attorneys. Any examination shall be at the expense of the Government.

8. Government may designate such persons as may be necessary to monitor and evaluate the services rendered by the Organization. The Government, its agents and employees, shall, at all times, have unrestricted access to all places where or in which the services required hereunder are being carried on and conducted. Inspection and monitoring of the work by these authorities shall in no manner be presumed to relieve in any degree the responsibility or obligations of Organization, or to constitute Organization an agent of the Government.

9. Organization shall provide equal opportunity in employment for all qualified persons, shall prohibit discrimination in employment because of race, color, creed, national origin, sex, age, sexual orientation or gender identity, or handicap, shall promote equal employment through a positive, continuing program of equal employment, and shall cause each of its subcontracting agencies to do so. This program of equal employment opportunity shall apply to every aspect of its employment policies and practices.

10. Organization shall adopt a written sexual harassment policy, which shall at a minimum, contain a statement of current law; a list of prohibited behaviors; a complaint process; and a procedure which provides for a confidential investigation of all complaints. The policy shall be given to all employees and clients and shall be posted at all locations where the organization conducts business. This policy shall be submitted to the Office of the Mayor 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 Government within ten (10) days of completion.

12. Organization agrees that it shall apply all funds received by it from the Urban County Government in accordance with the following investment policy guidelines:

A. Objectives--Capital preservation with surety of income. Reasonable competitive income consistent with high investment quality and purpose of funds. All investments shall conform with state and local law and regulations and these Policies.

B. Investment Funds Management--The governing board may elect to either:

(1) manage its investments through its executive director where the size or complexity of funds to be managed is deemed by the board to be within the training, expertise and/or available time capacity of the executive director and the operating staff;

-or-

(2) utilize the professional investment management facilities of a local bank trust department acting in a fiduciary capacity within the same approved investment policies and federal, state, local and trust laws and regulations. The trust department may utilize its regular short-term 100% U.S. Treasury Fund for daily funds investment. The election of option 1 or 2 should be made consistent with the relative cost incurred and in the case of option 2 the cost shall be competitive among local trust departments.

C. Investment Policies--Safety and Prudence.

(1) Short-term liquidity funds shall be invested in "riskless" investments, i.e., deposits in Kentucky commercial banks or savings and loan associations that are fully federally insured or deposits collateralized by U.S. Treasury securities with a

current market value of at least 100%, or in direct obligations of U.S. Treasury securities.

Investments shall be diversified according to maturity in order to meet projected cash flow needs.

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

- (2) Retirement funds, endowment funds, long-term capital reserve funds and any other special funds may be held and invested by a local bank trust department under investment objectives and diversification in accordance with the individual nature of the funds and pursuant to the "prudent man" investment rule as well as general trust law.
 - (3) All investments shall be reviewed monthly by a finance or investment committee of the agency.
 - (4) Local brokerage firms may hold and invest funds provided that investments are located within Kentucky and are fully insured.
- D. Audit--All investments shall be audited at least annually by independent certified public accountants who shall express an opinion as to whether or not investments during the year audited have conformed with state and local law and regulation and with the approved investment policies.

13. This instrument, and the Addendum incorporated herein, contains the entire agreement between the parties, and no statement, promises or inducements made by either party or agent of either party that is not contained in this written Agreement shall be valid and binding; and this Agreement may not be enlarged, modified or altered except in writing signed by the parties and endorsed hereon.

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

For Organization: LexArts, Inc.

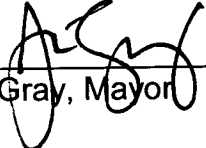
161 North Mill Street
Lexington, Kentucky 40507

Att: Ellen Plummer, President & Chief Executive Officer (or
as otherwise designated in writing by Organization)

For Government: Lexington-Fayette Urban County Gov.
200 East Main Street
Lexington, Kentucky 40507
Att: Kevin Atkins, Chief Development Officer

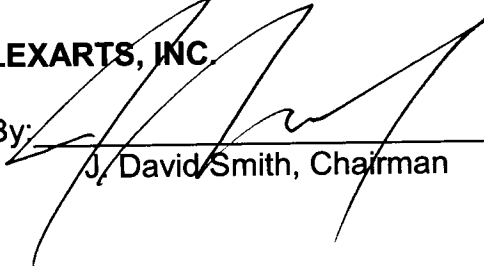
IN WITNESS WHEREOF, the parties have executed this Agreement at
Lexington, Kentucky, the day and year first above written.

**LEXINGTON FAYETTE URBAN
COUNTY GOVERNMENT**

By: 
Jim Gray, Mayor

ATTEST:

~~Meredith Nelson~~ Martha Allen
Clerk of the Urban County Council

LEXARTS, INC.
By: 
J. David Smith, Chairman

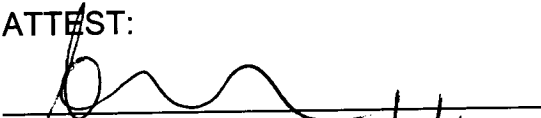
ATTEST:

WITNESS/DATE: 7/19/12

EXHIBIT "A"

Lexington/Fayette Urban County Government

Addendum for Services

LexArts

Scope of Work

Local Contribution

During Fiscal Year 2017 (July 1, 2016 through June 30, 2017) LexArts will use these funds from Lexington-Fayette Urban County Government to partially support all of LexArts programs and services:

- **Assist in creating an environment where the arts can flourish;**
- **Help facilitate the growth of grass roots arts initiatives;**
- **Strengthen and increase the organization capacity of Lexington's largest and time-honored arts organizations;**
- **Provide consultations and technical assistance related to expertise in the arts;**
- **Work to elevate Lexington as a Public Art destination for tourism;**
- **Work to support local arts organization and artists;**
- **Continue to manage Arts Place for the Lexington-Fayette Urban County Government;**
- **Continue to serve the entire community with programs and activities such as Gallery Hop, Arts Showcase Weekend, Youth Arts Council, and Business Volunteers for the Arts, Lexington Arts Network, public art programs, and exhibitions at ArtsPlace, institutional artwork purchases and professional development opportunities and workshops for arts administrators and artists.**

EXHIBIT "B"

Lexington/Fayette Urban County Government

Addendum for Services

LexArts

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

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

Economic Development Partner Agency:

LexArts

Date:

Put Submission Date Here

Outcome Evaluation

Using this Addendum "B" to the LexArts 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) to discuss the proposed amendments.

1. Describe activities in the most recent quarter that LexArts has played a role in planning and/or marketing arts programs to the Lexington community. How did those activities assist in creating an environment where the arts can flourish?

ANSWER (1) HERE

2. During the previous quarter how many different arts organization did LexArts work with and provide assistance in those organizations programing? What type of assistance was offered? How did this work strengthen and increase the organization capacity of Lexington's arts organizations?

ANSWER (2) HERE

3. How did the efforts mentioned in (2) above contribute to increased support for artists and arts organizations? Do these efforts help facilitate growth of grass roots arts initiatives?

ANSWER (3) HERE

[REDACTED]

1. Describe efforts undertaken by LexArts in the previous quarter to enable an increase in arts education initiatives.

ANSWER (1) HERE

2. Please describe the success to the arts education initiatives discussed in (1) above.

ANSWER (2) HERE

3. Describe professional development opportunities and workshops for arts administrators and artist in the previous quarter?

ANSWER (3) HERE

4. What are the barriers that have been identified for the continued increase in arts education initiatives in the community?

ANSWER (4) HERE

[REDACTED]

1. Describe LexArts efforts in the most recent quarter to elevate Lexington as a Public Art destination for tourism.

ANSWER (1) HERE

2. Describe public art projects LexArts has been involved with in the previous quarter.

ANSWER (2) HERE

[REDACTED]

1. Please describe programs and activities LexArts has directed in the most recent quarter (ex: Gallery Hop, Arts Showcase Weekend, Youth Arts Council, Business Volunteers for the Arts, Lexington Arts Network).

ANSWER HERE

[REDACTED]

1. Describe the consultations and technical assistance provided in the most recent quarter related to expertise in the arts?

ANSWER (1) HERE

2. Describe your efforts in the most recent quarter to support local artists and local arts organizations?

ANSWER (2) HERE



Please provide the measures of success during the most recent quarter based on LexArts Mission Statement

ANSWER HERE



Please provide the measures of success during the most recent quarter based on the LexArts Vision Statement. How have those measures improved compared with the most recent quarter?

ANSWER HERE



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



1ST QUARTER: OCTOBER 10, 2016

2ND QUARTER: JANUARY 10, 2017

3RD QUARTER: APRIL 10, 2017

4TH QUARTER: JULY 10, 2017



Kevin Atkins

Chief Development Officer

Lexington-Fayette Urban County Government

katkins@lexingtonky.gov

NOTE: All quarterly reports will be electronically date stamped by email receipt record to ensure submission by organization is on time and in accordance with the FY2017 Purchase of Service Agreement with Lexington-Fayette Urban County Government.