

PURCHASE OF SERVICE AGREEMENT

THIS PURCHASE OF SERVICE AGREEMENT, made and entered into on the _____ 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") on behalf of its Chief Development Officer ("CDO") and the LEXINGTON DOWNTOWN DEVELOPMENT AUTHORITY, INC. ("Organization"), with offices located at 101 East Vine Street, Suite 100, 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 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. The Organization agrees to provide the following services throughout the downtown area and those provided in Exhibit A attached hereto:

(a) Facilitate development and redevelopment projects within the downtown Lexington area; ;

(b) Acquire, construct, maintain, add to, and improve any "public project" as defined in KRS 58.010, provided, however, the Organization shall not acquire, construct, maintain, add to, or improve any "public project" as defined in KRS 58.010 with respect to the Lexington Center Corporation, or its property, without its consent;

(c) Coordinate urban county policies and programs relating to public investment for financing development and redevelopment projects within the downtown area of Fayette County;

(d) Develop and coordinate the implementation of downtown, neighborhood, area-wide and corridor plans and policies of the urban county government, consistent with, and in coordination with, other urban county departments and agencies with responsibilities in the same area;

(e) Establish design and related standards or guidelines for development and redevelopment projects within the downtown area, consistent with, and in coordination with, other urban county departments and agencies with responsibilities in the same area;

(f) Coordinate the activities of other urban county government supported departments, offices, organizations and corporations involved in development and redevelopment related activities;

(g) Exercise other related powers and duties consistent with Sections 2-428, et seq., of Government's Code of Ordinances.

3. In consideration for the Organization providing the services more particularly described in paragraph 2 above, the Government shall pay the organization the sum of Three Hundred Twenty-Four Thousand Five Hundred Forty (\$324,540.00) for services required by this Agreement, said services being more particularly described in Exhibit A attached hereto and incorporated herein by reference. Eighty-One Thousand One Hundred Thirty-Five (\$81,135.00) of the total sum amount shall be payable each quarter, within (ten) 10 days after receipt of the report required in Paragraph 7 herein, July to June, inclusive. Lexington-Fayette Urban County Government funds may not be used to raise any staff member's annual salary by more than 3% in fiscal year 2017.

4. 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 hereunder.

5. 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.

6. Organization shall submit a written report to the Chief Development Officer regarding the status of discussions related to the merger of the Lexington Downtown Development Authority and the Downtown Lexington Corporation by December 31, 2016.

7. 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.

8. 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 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. 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 shall be required to present a progress report as to its activities annually year before the Urban County Council's Budget, Finance & Economic Development Committee, or as otherwise instructed by the Government.

. 9. 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.

. 10. 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.

. 11. Organization shall provide equal opportunity in employment for all qualified persons, shall prohibit discrimination in employment because of race, color, creed, national

origin, sex or 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.

. 12. 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 Department of Law for review within thirty (30) days of the execution of this Agreement.

. 13. 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 10 days of completion.

. 14. 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.

. 15. 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.

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

For Organization: Lexington Downtown Development Authority.
100 East Vine Street, Suite 100
Lexington, Kentucky 40507
Att: Jeff Fugate, President & Chief Operating 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:

MARTHA ALLEN
CLERK OF URBAN COUNTY COUNCIL

LEXINGTON DOWNTOWN
DEVELOPMENT AUTHORITY, INC.

BY: _____
TOM HARRIS, CHAIRPERSON

ATTEST:

WITNESS/DATE: _____

EXHIBIT “A”

Lexington/Fayette Urban County Government

Addendum for Services

Lexington Downtown Development Authority

Scope of Work

Local Contribution

During fiscal year 2017 (July 1, 2016 through June 30, 2017) the Lexington Downtown Development Authority (LDDA) will use funds from Lexington –Fayette Urban County Government to:

1. Assist with the toughest development challenges.
 - Coordinate the Town Branch Commons Park Project with LFUCG, Blue Grass Community Foundation and the Town Branch Leadership Council.
 - Implement the Euclid Avenue Redevelopment project in partnership with the University of Kentucky and LFUCG.
 - Implement the Short Street area redevelopment strategy with ky property owners (the LDDA will leverage outside program funding in addition to the funds provided by LFUCG).
 - Partner with the Blue Grass Community Foundation to continue to aggressively build relationships and pursue private funding from the

Knight Foundation and other funders for Lexington and Town Branch Commons related public space projects and programming (the LDDA will leverage outside program funding in addition to LFUCG).

- Assist with the Old Fayette County Courthouse project and new city hall assessment as requested.

2. Drive investment into neighborhoods and the Central Business District by providing actionable urban design and real estate analysis for the public and private sectors.

- Complete a residential market demand study for Fayette County and provide policy/program recommendations to the Urban County Council concerning development incentives.
- Assist the Local Food Coordinator in the Office of the Mayor with a feasibility/location study on local food infrastructure (Farmers Market, food hub, etc.)
- Assist with the implementation of the Downtown Lexington Management District as requested.
- Support implementation of the Main Street Refresh Demonstration Project with the Blue Grass Community Foundation and North Limestone Community Development Corporation.

3. Assist in setting the agenda for future downtown development through community outreach, education, and public involvement.

- Publish and promote the annual “Downtown Market Inventory,” which provides year over year data about downtown and markets downtown Lexington to interested developers.
- Increase outreach to community groups and neighborhood associations about downtown activities, particularly the Town Branch Commons.
- Continue to serve on community boards and commissions
- Maintain traditional media contacts and social media presence.

EXHIBIT "B"

Lexington/Fayette Urban County Government

Addendum for Services

Lexington Downtown Development Authority

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
ECONOMIC DEVELOPMENT PARTNER AGENCY QUARTERLY REPORT
FISCAL YEAR 2016**

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

Economic Development Partner Agency:

Lexington Downtown Development Authority (DDA)

Date:

Put Submission Date Here

Outcome Evaluation

Using this Addendum "B" to the Lexington Downtown Development Authority (DDA) 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.

Drive Investment Into The Neighborhoods And Central Business District By Providing Actionable Urban Design And Real Estate Analysis For The Public And Private Sectors

1. Describe how the Lexington Downtown Development Authority has been involved and supported the residential market demand study for Fayette County.

ANSWER (1) HERE

2. What policy or program recommendations related to the residential market demand study has your organization been involved with developing or implementing?

ANSWER (2) HERE

3. Describe how DDA has been engaged in driving investment into challenged neighborhoods and the Central Business District in the most recent quarter.

ANSWER (3) HERE

4. What is the toughest development challenge DDA has been directly involved in tackling during the most recent quarter?

ANSWER (4) HERE

5. During the most recent quarter how were you involved with the Downtown Management District? Did you have a leadership role in any of their activities?

ANSWER (5) HERE

Partnership Efforts

1. Describe your efforts with the Blue Grass Community Foundation to aggressively build relationships and pursue private funding from the Knight Foundation and other funders for Lexington and Town Branch Commons related public space projects and programing. Please provide detail of

ANSWER (1) HERE

2. Provide details on projects the Downtown Development Authority has been involved in assisting Lexington-Fayette Urban County government with in the previous quarter. What was your role in those projects?

ANSWER (2) HERE

3. What projects, if any, did the Downtown Development Authority and the Downtown Lexington Corporation partner or collaborates on in the most recent quarter? What was the role of each organization in that partnership/collaboration?

ANSWER (3) HERE

Town Branch Commons

1. Please detail DDA activities in regard to the Town Branch Commons project in the most recent quarter. How do these actions move the project forward?

ANSWER (1) HERE

2. Please detail your role and partnership efforts with the Lexington-Fayette Urban County Government, Blue Grass Community Foundation and the Town Branch Leadership Council (Task Force) toward the project in the most recent quarter. In what efforts were you the lead partner?

ANSWER (2) HERE

Downtown Project Implementation

1. Describe DDA activities related to the Euclid Avenue development project in the most recent quarter. What are the key development projects and key retail opportunities DDA has been actively involved with in regard to the project in the most recent quarter? What parts of your involvement were in the leadership role on the project?

ANSWER (1) HERE

2. Describe DDA activities related to the Short Street area redevelopment strategy with key property owners? How has outside funding for the project been leveraged? What was the source of that outside funding? What leadership role did you play in the project?

ANSWER (2) HERE

3. Describe your role and efforts in the previous quarter to implement the Main Street Refresh Demonstration Project with the Blue Grass Community Foundation and the North Limestone Community Development Corporation. What was your role in that partnership?

ANSWER (3) HERE

4. Describe your role in the most recent quarter in the Old Fayette Courthouse construction project?

ANSWER (4) HERE

Setting The Downtown Development Agenda

1. Describe your efforts in the most recent quarter to work toward downtown development through community outreach, education and public involvement?

ANSWER (1) HERE

2. Describe in detail your outreach to community groups and neighborhood associations in the most recent quarter about downtown activities and the Town Branch Commons.

ANSWER (2) HERE

Mission Statement: The Lexington Downtown Development Authority (LDDA) Promotes Physical and Economic Development That Strengthens and Maintains Downtown Lexington as the Cultural and Economic Heart of Central Kentucky

Please provide the measures of success during the most recent quarter based on the Lexington Downtown Development Authority Mission Statement. How have those measures improved compared with the most recent quarter?

ANSWER 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:

Date:

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 10, 2016

2ND QUARTER: JANUARY 10, 2017

3RD QUARTER: APRIL 10, 2017

4TH QUARTER: JULY 10, 2017

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

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.