

**PURCHASE OF SERVICE AGREEMENT**

THIS PURCHASE OF SERVICE AGREEMENT, made and entered into on the 5<sup>th</sup> 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 the Chief Development Officer ("CDO") and **COMMERCE LEXINGTON, INC.**, a Kentucky corporation, ("Organization") with offices located at 330 East Main Street, Lexington, with a mailing address of Post Office Box 1968, Lexington, Kentucky 40588, 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. Government shall pay the Organization the total sum of Four Hundred FiftySeven 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 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 7 herein, July to June, inclusive..

Lexington-Fayette Urban County Government funds may not be used to provide Cost of Living Increases beyond 3%.

3. Organization will develop a regional economic development plan that will detail the efforts of all participating communities to work collectively toward the regional economic development strategy. The plan shall be equitable and beneficial to all participating communities with which the Organization participates in their regional economic development efforts. The plan should formalize the roles and responsibilities of local/county economic development organization and those of Commerce Lexington. The plan should include, but not be limited to, MOUs that may be needed between organizations, contributions of all parties (financial or otherwise) in recruitment, retention and marketing as well as all other aspects of a regional economic development strategy. Plan should identify all participating communities in the regional efforts. The regional plan, draft or final, should be submitted to the CDO and the Lexington-Fayette Urban County Council's Budget, Finance & Economic Development Committee by March 31, 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 total service required hereunder.

5. 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.

6. 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.

7. The Organization shall, at the end of each quarter and by no later than the 10<sup>th</sup> 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 electronically 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 electronically 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 before the Urban County Council's Budget, Finance & Economic Development Committee, or as otherwise instructed by the Government.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

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

For Organization: Commerce Lexington  
330 East Main Street  
Lexington, Kentucky 40507


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

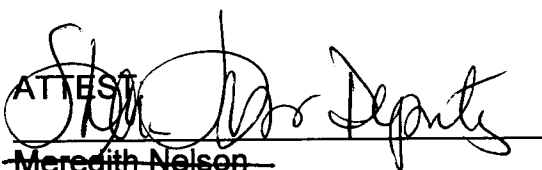
For Government: Lexington-Fayette Urban County Gov.  
200 East Main Street  
Lexington, Kentucky 40507

Att: Kevin Atkins, Chief Development Officer

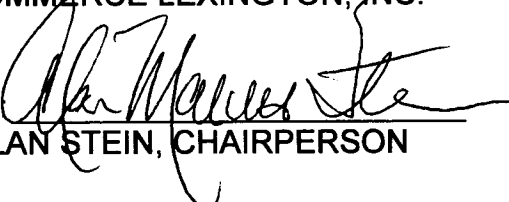
IN WITNESS WHEREOF, the parties have executed this Agreement at Lexington, Kentucky, the day and year first above written.

LEXINGTON-FAYETTE URBAN  
COUNTY GOVERNMENT

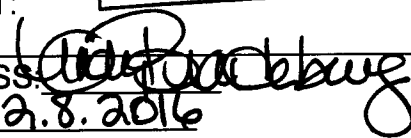
BY:   
JIM GRAY, MAYOR

ATTEST:   
~~Meredith Nelson~~  
Clerk of the Urban County Council

COMMERCE LEXINGTON, INC.

BY:   
ALAN STEIN, CHAIRPERSON

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

ATTEST:  
WITNESS:   
DATE: 12.8.2016



## **EXHIBIT "A"**

Lexington/Fayette Urban County Government  
Addendum for Services  
Commerce Lexington

### **Scope of Work**

#### **Local Contribution**

During fiscal year 2017 (July 1, 2016 through June 30, 2017) Commerce Lexington (CLEX) will use these funds from Lexington-Fayette Urban County Government 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, connections 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 suppliers
  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 in coordination with the Lexington-Fayette Urban County Government Director of Workforce to address barriers to employment by individuals and companies. Assist in implementation of BEAM related objectives with the Chief Development Officer of the Lexington-Fayette Urban County Government
- Develop a regional economic development plan that is equitable and beneficial to all participating communities. Plan will include financial reimbursement, marketing and other aspects of a regional economic development strategy as well as identify all communities participating in the regional effort. The regional plan should be finalized by March 31, 2017 and

presented to the Chief Development Officer as well as the Lexington-Fayette Urban County Council's Budget, Finance & Economic Development Committee.

**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 2017**

**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.

**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 startup 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

**9. Based on the answer to questions 1-8 above, how often during these efforts to Commerce Lexington also market the surrounding region to these companies? How many counties were part of the effort? Did any of the companies locate outside of Lexington?**

ANSWER (9) HERE

**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. If the efforts (referenced in question 1) led to an expansion of a Lexington business please provide the number of companies, their sectors, and what plans you assisted them with toward their expansion?**

ANSWER (2) HERE

**3. 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 (3) HERE

**4. If the efforts (referenced in question 3 above) led to the retention of a Lexington business please provide the number of companies, their sectors, and what plans you assisted them with toward their retention?**

ANSWER (4) HERE



**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

**3. How many client visits were all Bluegrass Business Development Partnership entities involved with and represented together during the most frequent quarter?**

ANSWER (3) HERE




**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



**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

**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?**

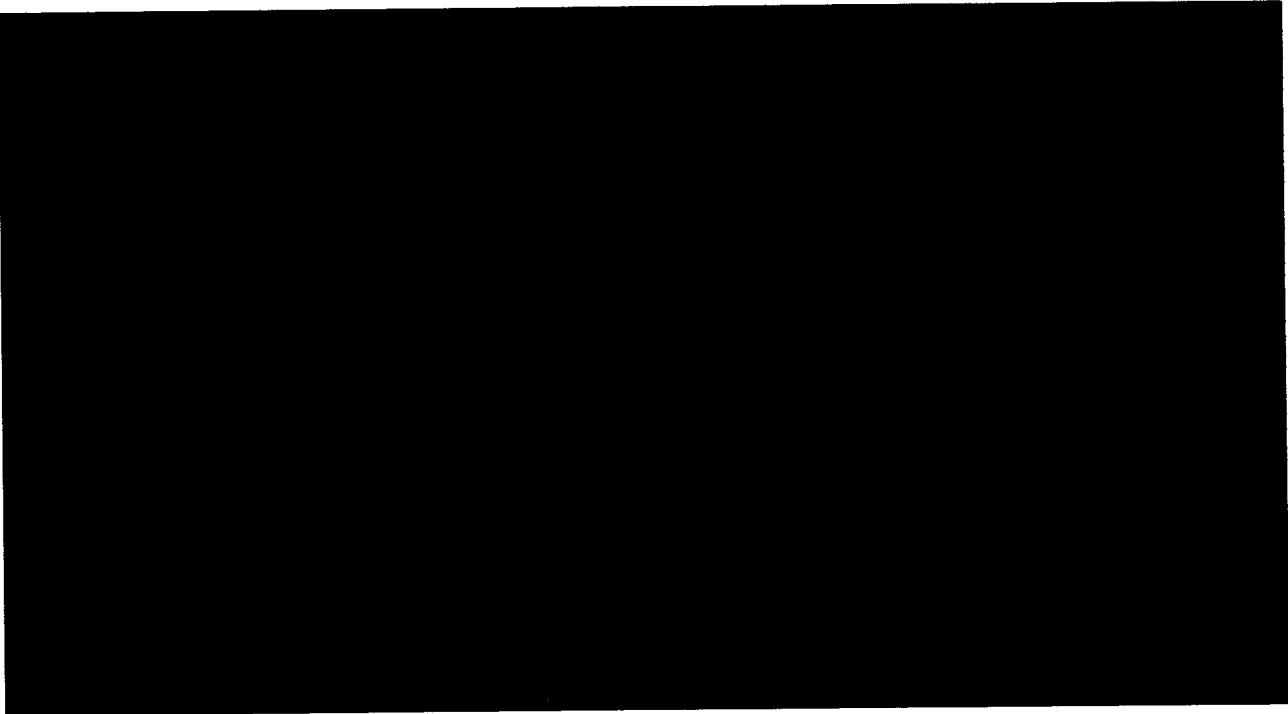
ANSWER (1) HERE

**1. Please provide examples of efforts by BEN to work to address and identify barriers to employment, for both employees and employers, in Lexington during the most recent quarter?**

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

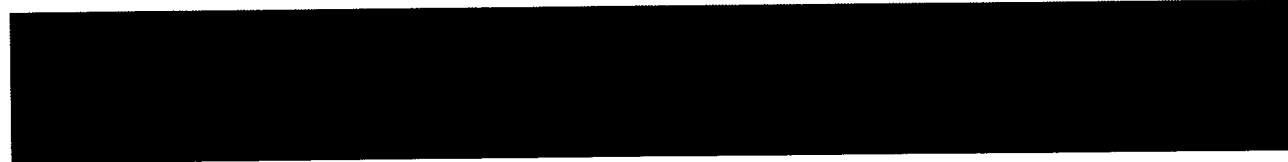


**1. Please provide the measures of success during the most recent quarter based on the Commerce Lexington mission statement. Describe how those have improved from the previous quarter.**

ANSWER (1) HERE

**2. Please provide details on regional economic development efforts during the most recent quarter and the contributions by the communities involved in those efforts to assist with those activities (ex: financial, marketing and other aspects).**

ANSWER (2) 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](mailto: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.***