

PURCHASE OF SERVICE AGREEMENT

THIS PURCHASE OF SERVICE AGREEMENT, made and entered into on the 14th 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 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, 2015.

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 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 fifty Thousand Dollars (\$450,000.00), one fourth (1/4th) of which 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.

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 working day of the succeeding quarter, 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. 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 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: John Long, Chairman of the Board (or as otherwise designated in writing by Organization)

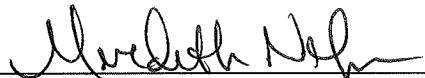
For Government: Lexington-Fayette Urban County Gov.
200 East Main Street
Lexington, Kentucky 40507
Att: Jamie Emmons, Chief of Staff

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

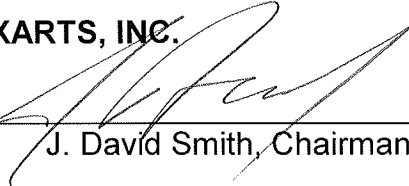
**LEXINGTON FAYETTE URBAN
COUNTY GOVERNMENT**

By: 
Jim Gray, Mayor

ATTEST:


Meredith Nelson
Clerk of the Urban County Council

LEXARTS, INC.

By: 
J. David Smith, Chairman

ATTEST:

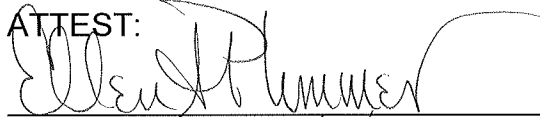

WITNESS/DATE: 7/14/2015

EXHIBIT “A”

Lexington/Fayette Urban County Government

Addendum for Services

LexArts

Scope of Work

Local Contribution

During Fiscal Year 2016 (July 1, 2015 through June 30, 2016) LexArts will use these funds to partially support all of LexArts programs and services:

- **Event planning and marketing of the arts**
- **Increase in Arts Education Initiatives**
- **Increased role in Public Art planning process**
- **Increase support for artists and arts organizations**
- **Promote high-quality arts experiences for the benefit of all the people of Central Kentucky through funding, advocacy, technical assistance, communication and programming initiatives**

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

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.

Event Planning and Marketing of the Arts

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.

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?

ANSWER (2) HERE

3. How did the efforts mentioned in (2) above contribute to increased support for artists and arts organizations?

ANSWER (3) HERE

Arts Education Initiatives

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

ANSWER (3) HERE

Public Art Planning Process

Describe LexArts efforts in the most recent quarter in the public art planning process including the agency role in those efforts. Please also list the public art projects LexArts was directly involved in during the most recent quarter.

ANSWER HERE

Mission Statement: Promote High-Quality Arts Experiences for the Benefit of all the People of Central Kentucky Through Funding, Advocacy, Technical Assistance, Communication and Programing Initiatives

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

ANSWER HERE

Vision Statement: LexArts Will Be a Catalyst for Creating a Progressive and Innovative Community Inspired by the Arts

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

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