

PURCHASE OF SERVICE AGREEMENT

THIS PURCHASE OF SERVICE AGREEMENT, made and entered into on the 9th day of July, 2013, 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 the Mayor's Office of Economic Development, ("MOED") and the LEXINGTON DOWNTOWN DEVELOPMENT AUTHORITY, INC. ("Organization"), with offices located at 101 East Vine Street, Suite 500 Lexington, Kentucky 40507.

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, 2013, 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 Fayette County, with particular focus on the downtown area:

(a) Facilitate development and redevelopment projects within Fayette County;

(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 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 Fayette County, 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 Forty Eight Thousand Dollars (\$348,000.00), the payment schedule for which shall be mutually agreed upon between the parties.

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 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 MOED, 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 10th working day of the succeeding quarter, on such forms as the MOED shall provide, submit to the MOED: a report containing, for each of the services enumerated in this Agreement which were provided in the preceding quarter (a) a description of the service provided, including the quantity and quality of the service provided, and (b) the personnel costs, administrative costs, fixed costs, and any other direct or indirect costs in providing the service; (c) the information requested in and submitted on the form attached hereto as Exhibit A and incorporated herein by reference (or a similar form created by the Government); and (d) 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 quarterly report and invoice required hereunder. In addition, Organization shall be required to present a progress report as to its activities a minimum of two (2) times per fiscal year before the Urban County Council's 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 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.

9. 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.

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 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.

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 Department of Law 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 Government 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.

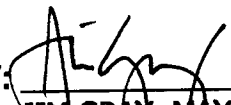
- D. Audit--All investments shall be audited at least annually by independent certified public accountants who shall express an

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.

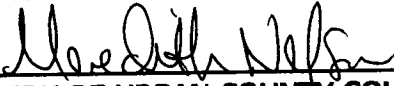
14. This instrument contains the entire agreement between the parties, and no statement, promises or inducements made by either party or agent of either party that is not contained in this written Agreement shall be valid and binding; and this Agreement may not be enlarged, modified or altered except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

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

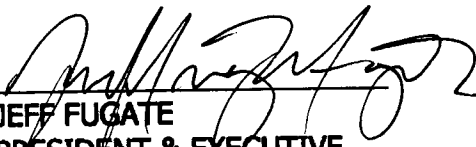
LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT

BY: 
JIM GRAY, MAYOR

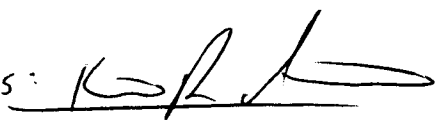
ATTEST:


CLERK OF URBAN COUNTY COUNCIL

LEXINGTON DOWNTOWN
DEVELOPMENT AUTHORITY, INC.

BY: 
JEFF FUGATE
PRESIDENT & EXECUTIVE
DIRECTOR

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WITNESS: 
KEVIN R. ATKINS