

STATE AND LOCAL GOVERNMENT ADDENDUM - KENTUCKY
(Commercial Pricing)

THIS ADDENDUM, entered into by and between _____, as lessee and/or customer ("**Customer**") and _____, as the lessor, equipment owner, and/or the provider of financial services to Customer ("**Lessor/Owner**"), amends and modifies No. _____ (the "**Agreement**").

BACKGROUND

- A. By the above-referenced Agreement, Lessor/Owner has agreed to extend financing to Customer upon and subject to the terms and conditions set forth in the Agreement.
- B. Lessor/Owner and Customer desire to amend the terms and conditions of the Agreement, upon and subject to the terms and conditions of this Addendum.
- C. All capitalized terms not otherwise defined herein will have the meanings set forth in the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound agree as follows with respect to the Agreement and the transaction evidenced thereby:

1. EFFECT OF ADDENDUM. To the extent of any conflict between the terms of this Addendum and the terms of the Agreement, the terms of this Addendum will prevail and control. All terms and conditions of the Agreement not modified by this Addendum shall remain in full force and effect and are hereby ratified by the parties.

2. GOVERNING LAW AND JURISDICTION. THE AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF KENTUCKY, AND THE PARTIES AGREE TO THE NON-EXCLUSIVE JURISDICTION AND VENUE OF THE STATE AND FEDERAL COURTS IN SUCH STATE.

3. TERM; ANNUAL RENEWAL; TERMINATION. Notwithstanding any provisions of the Agreement, Customer's obligation to pay all amounts due under the Agreement, including but not limited to periodic rent payments, is subject to the terms of this Section. The Agreement shall be in effect for a Term consisting of an "**Original Term**," which commences on the date of Customer's acceptance of the Equipment and continues for a period of one year, and subsequent one-year "**Additional Terms**," each of which shall commence at the end of the Original Term or the preceding Additional Term (as applicable), and continue for a period of one year, except for the final Additional Term which shall terminate at the end of the last scheduled payment period under the Agreement. The terms and conditions of the Agreement in effect for the Original Term shall be the same as those in effect for each Additional Term and payments shall be due and payable during each such Additional Term as set forth in the Agreement. The word "**Term**" as used in the Agreement and this Addendum means the Original Term and all Additional Terms during which the Agreement is in effect.

The Agreement will automatically renew for Additional Terms until the termination of the final Additional Term, as described above, unless, not less than 90 days before the end of the Original Term or any Additional Term then in effect, Customer gives written notice to Lessor/Owner of Customer's intention to terminate the Agreement at the end of the then current Original Term or Additional Term. Any such termination shall be without penalty to Customer, and shall be effective on the last day of the Original Term or Additional Term then in effect. Upon such termination, Customer shall pay to Lessor/Owner any unpaid and accrued scheduled rent or other payments then due and unpaid, and shall return all Equipment to Lessor/Owner in accordance with the Equipment return provisions of the Agreement. If Customer terminates the Agreement as provided in this paragraph, Customer agrees that, unless the following would affect the validity of the Agreement, Customer will not purchase, lease or rent equipment performing functions similar to those performed by the Equipment, for a period of twelve (12) months following the termination of the Agreement. The provisions of this paragraph shall not permit Customer to terminate the Agreement in order to acquire any other equipment or to allocate funds directly or indirectly to perform essentially the application for which the Equipment is intended.

4. OWNERSHIP; TAXES. The parties acknowledge that pursuant to the Kentucky Governmental Leasing Act, Ky. Rev. Stat. Ann. § 65.948 (the "Act"), Customer will be considered the equitable owner of the Equipment under the Act and will be

exempt from the payment of personal property taxes, provided the Equipment is used solely for public purposes. Consequently, Lessor/Owner, as legal owner of the Equipment, will be exempt from the payment of personal property taxes on such Equipment. Customer agrees that it shall be responsible for preparing and filing any forms or instruments which may be required to establish or maintain such exemption status. Should it be determined by the appropriate taxing jurisdiction that Lessor/Owner, as the legal owner of the Equipment, is liable for the payment of property taxes, Customer acknowledges and agrees that, notwithstanding the fact that Customer may be exempt from such payment, Customer shall (within ten (10) days of written notice) reimburse Lessor/Owner for all property taxes which Lessor/Owner may be required to pay.

5. SPECIAL REPRESENTATIONS AND WARRANTIES OF CUSTOMER. Customer hereby represents and warrants to Lessor/Owner that as of the date of this Agreement, and throughout the Term thereof: (a) Customer is the entity indicated in the Agreement; (b) Customer is a State or a political subdivision of the State in which it is located, duly organized and existing under the Constitution and laws of such State; (c) Customer is authorized to enter into and carry out its obligations under the Agreement, any documents relative to the acquisition of the Equipment and any other documents required to be delivered in connection with the Agreement (collectively, the “**Documents**”); (d) the Documents have been duly authorized, executed and delivered by Customer in accordance with all applicable laws, rules, ordinances, and regulations, and person(s) signing the Documents have the authority to do so, are acting with the full authorization of Customer’s governing body, and hold the offices indicated below their signatures, each of which are genuine, and the Documents constitute the valid, legal, binding agreements of Customer, enforceable in accordance with their terms, (e) the Equipment is essential to the immediate performance of a governmental or proprietary function by Customer within the scope of its authority and shall be used during the Term of the Agreement only to perform such function; (f) Customer intends to use the Equipment for the entire Term and shall take all necessary action to include in its annual budget any funds required to fulfill its obligations for each fiscal year during the Term; (g) Customer has complied fully with all applicable law governing open meetings, public bidding and appropriations required in connection with the Agreement and the Equipment; (h) Customer’s obligation to remit all amounts due and payable under the Agreement constitutes a current expense and not a debt under applicable state law, no provision of the Agreement constitutes a pledge of Customer’s tax or general revenues, and any provision which is so construed by a court of competent jurisdiction is void from the inception of the Agreement; (i) all amounts due and to become due during Customer’s current fiscal year are within the fiscal budget of such year, and are included within an unrestricted and unencumbered appropriation currently available for the use of the Equipment; (j) all financial information Customer has provided to Lessor/Owner is true and accurate and provides a good representation of Customer’s financial condition; (k) no event of non-appropriation, as described herein, has occurred and it is not presently known that any such event will occur under any lease or other contract by which Customer is bound; and (l) If requested by Lessor/Owner, Customer will execute and deliver to Lessor/Owner in connection with the Agreement, a certificate of resolution and incumbency and/or an opinion of counsel in form and substance satisfactory to Lessor/Owner.

6. LIMITATIONS. The parties intend that the collection of any damages, the exercise of any remedy, the enforceability of any indemnity, and any requirements of Customer relative to non-appropriation set forth in the Agreement or in this Addendum are subject to any limitations imposed by applicable law.

7. EFFECTIVENESS OF ADDENDUM. This Addendum is incorporated into and made a part of the Agreement, effective as of the same day as the Agreement. This Addendum and the Agreement together constitute the entire agreement of the parties with respect to the subject matter hereof and thereof. All terms and conditions of the Agreement not expressly modified hereby remain in full force and are hereby ratified by the parties.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this Addendum effective as of the effective date set forth above.

Customer

Lessor/Owner

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____