

VAR Resources, Inc.
2330 Interstate 30
Mesquite, TX 75150
972-755-8200
FAX 972-755-8210

DATE: April 11, 2014

Submission # 211184

Lexington Fayette Urban County Government

AMOUNT DUE AT SIGNING OF LEASE AGREEMENT

| | |
|---|--------------------------|
| Documentation Fee (if applicable) | \$0.00 |
| Deposit Due..... | <u>\$1,669.60</u> |
| Total Due | <u>\$1,669.60</u> |

**Deposits are held until such time as the lease is commenced. Upon lease commencement deposits will be applied to the first and last payments under the lease contract. The lease will commence upon sending of the first invoice and not before.*

PLEASE MAKE CHECK PAYABLE TO: VAR Resources, Inc.

CHECK MUST BE DRAWN ON THE BUSINESS CHECKING ACCOUNT OF:
Lexington Fayette Urban County Government .

MONEY ORDERS CANNOT BE ACCEPTED. PLEASE BE ADVISED THAT INCLUDED IN THE FIRST MONTHLY INVOICE THAT YOU RECEIVE ON YOUR LEASE YOU WILL BE BILLED FOR THE APPLICABLE TAXES THAT WERE NOT COLLECTED UPFRONT. AS WELL, YOU MAY BE CHARGED A ONE TIME DOCUMENTATION FEE TO COVER ADMINISTRATIVE COSTS RELATED TO THE DOCUMENTATION PROCESS AND PUBLIC FILINGS PER THE TERMS IN YOUR LEASE DOCUMENTS AND YOU WILL ALSO BE CHARGED A ONE TIME UCC FILING FEE.

THANK YOU.

Addendum to Purchase Order and Conditions of Credit Approval

To: Lexington Fayette Urban County Government

From: VAR Resources, Inc.

Approval Date: 03/13/14

Expiration Date: 05/12/14

Approval Amount: \$20,078.80

Lexington Fayette Urban County Government ("Customer") understands and agrees that VAR Resources, Inc. ("Lessor") will issue a Purchase Order(s) to the vendor(s) listed below for the product described in the lease or any schedule(s) attached to the lease (the "Product") pursuant to Customer's specific request. If for any reason within 10 days from the date of delivery by Vendor(s) of the product covered by the Purchase Order (the "Product") Customer: (i) fails to execute any required lease documents; (ii) does not provide Lessor with (a) written notice of acceptance of the delivered Product, (b) notice that it has returned some or all of the delivered Product only after Vendor(s) has provided written approval in advance of the return or (c) instructions to pay Vendor(s) for the Product; (iii) for any reason decides not to proceed with the lease; or (iv) for any reason defaults on the lease, then the Product shall be deemed accepted by Customer and Vendor(s) shall have recourse directly from Customer for immediate payment in full with respect to the Product, including, without limitation attorneys' fees and costs of collection, and customer indemnifies and holds Lessor harmless against all payment claims from the following vendor(s) : **CDW** .

CDW is an intended third party beneficiary of, and authorized to enforce, this Addendum.

Conditions of Credit Approval:

Funding is contingent upon our receipt of original executed lease contracts, executed delivery and acceptance form, verbal verification and any other documents required by VAR Resources. VAR Resources may revoke this approval at any time prior to funding or in the event of fraud or a material adverse change in the customer's financial condition. This approval will automatically expire on 05/12/14 as stated above. In the event of approval expiration or revocation, Lexington Fayette Urban County Government is responsible for paying all invoices for assets ordered from any vendor related to this lease/financing approval.

VAR Resources, Inc. will be issuing the purchase order to the vendors listed above for the items listed on the Schedule "A" of your lease agreement.

By signing this form, I agree that I have not issued, nor will issue a purchase order to the vendors listed above for the equipment and/or software listed on the Schedule "A" of my lease contract.

In the event that you or the any vendor(s) representative changes the ship to address to any address other than 200 E Main St Ste 726 , Lexington, KY 40507-1310 you agree to pay cash to vendor(s) directly and the lease is considered void.

Agreed to and accepted this ____ day of _____, 20__.

Customer: Lexington Fayette Urban County Government

By: _____

Print Name: _____

Title: _____

Master Lease Agreement

THIS IS A NON-CANCELABLE,
LEGALLY BINDING CONTRACT



Master Lease Number:

| | | | | |
|---|-------|--|------------|--------------------|
| Lessee (Leasing Customer) – Use exact registered name if a corp., LLC or LP | | Lessee's Chief Executive Office – Street | | City |
| Lexington Fayette Urban County Government | | 200 E Main St Ste 726 | | Lexington |
| Tax ID # | State | County | Zip Code | Lessee's Telephone |
| | KY | | 40507-1310 | |

In this Master Lease Agreement ("Master Agreement"), the words "You" and "Your" mean the Lessee named above. "We," "Us" "Our" and "Lessor" mean VAR Resources, Inc. "Schedule" means the form of lease schedule attached hereto as Exhibit A. "Supplier" means the equipment supplier supplying the Equipment (defined below) leased under a Schedule. This Master Agreement, together with each Schedule entered into pursuant hereto and the related and supporting documents entered into directly with Us in connection with the transaction represented in a Schedule ("Other Documents"), represent the final and only agreement between You and Us regarding the leasing of the Equipment identified in such Schedule and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements. There are no unwritten oral agreements between You and Us. Neither this Master Agreement nor any Schedule may be changed except by a written agreement between You and Us. Other agreements not stated in this Master Agreement, Schedules and Other Documents (including those contained in any purchase agreement or order between You and the Supplier) are not binding on Us.

1. LEASE OF EQUIPMENT. Each Schedule executed by You represents your agreement to lease from Us the equipment listed therein (together with all existing and future accessories, embedded software programs, attachments, replacements, additions and repairs) (the "Equipment"), upon the terms stated in such Schedule and this Master Agreement. Each Schedule shall be substantially in the form of **Exhibit A** and shall be deemed to be a separate lease transaction (a "Lease") between You and Us. In the event of any conflict between the provisions of this Master Agreement and the provisions of any Schedule, the provisions of the Schedule shall control. You promise to pay to Us the Lease Payments shown on each Schedule in accordance with the payment schedule set forth therein, plus all other amounts stated herein and therein. Each Schedule is binding on You as of the date You sign it. After You sign a Schedule, We may (i) insert the Lease number thereon and any other information missing in such Schedule, and (ii) change the Lease Payment amount by not more than 15% due to a change in the Equipment configuration, cost or tax amount, or a payment miscalculation. No Schedule is binding on Us until We sign it. If You are other than a sole proprietorship, Your signature on this Master Agreement and on each Schedule constitutes Your representation that the execution and delivery by You of this Master Agreement, the Schedule and the Other Documents, and the performance of Your obligations hereunder and thereunder, have been authorized by all necessary company action, and that the person(s) signing this Master Agreement, the Schedule and the Other Documents has been duly authorized to do so.

2. UNCONDITIONAL OBLIGATION TO PERFORM. With respect to each Schedule, You agree that: (a) You, not We, selected the Equipment and the Supplier, (b) We are a separate company from the Supplier, manufacturer and any other vendor (collectively, "Vendors"), the Vendors are NOT Our agents, and no statement, representation or warranty by any Vendor is binding on Us, (c) Your duty to perform Your obligations under the Master Agreement and the Schedule is unconditional despite any equipment failure, the existence of any law restricting the use of the Equipment, or any other adverse condition whatsoever, (d) if You are a party to any maintenance, service, supplies or other contract with any Vendor, We are NOT a party thereto, such contract is NOT part of any Lease (even though We may, as a convenience to You and a Vendor, bill and collect monies owed by You to such Vendor), and no breach by any Vendor will excuse You from fully performing Your payment and other obligations to Us, and (e) if the Equipment is unsatisfactory or if any Vendor fails to provide any service or maintenance or fulfill any other obligation to You, You shall not make any claim against Us and shall continue to perform your payment and other obligations to Us.

3. ORIGINAL TERM; END OF TERM OPTIONS; RENEWAL PROVISIONS. The original term of each Lease represented by a Schedule will begin on a date designated by Us after We accept such Schedule (the "Commencement Date") and will continue for the number of months shown in the Schedule ("Original Term"). As used herein, "Present Term" means the term presently in effect, whether it is the Original Term or a Renewal Term (as defined below). With respect to each Schedule, unless You notify Us in writing at least 90 days but not more than 120 days before the end of a Present Term that, at the end of such Present Term, You intend to (i) return the Equipment, or (ii) exercise the purchase option, if any, specified in the Schedule, then: (a) the Schedule will automatically renew for an additional three-month Term (each, a "Renewal Term"), and (b) the Lease Payment amount and the other terms of the Schedule and of this Master Agreement and Other Documents will continue to apply. If You do notify Us in writing within the time set forth above that You intend to return the Equipment or purchase the Equipment at the end of such Present Term, then, immediately upon the expiration of such Term, You shall return the Equipment subject to the Schedule pursuant to Section 13 of this Master Agreement or purchase the Equipment pursuant to Section 10 of the Schedule, as applicable.

4. ACCEPTANCE OF EQUIPMENT; LEASE PAYMENTS. With respect to each Schedule, You will inspect and test the operation of the Equipment upon its delivery and You will notify Us within ten (10) days of delivery if the Equipment is not satisfactory. **YOU AGREE THAT IF YOU FAIL TO NOTIFY US THAT THE EQUIPMENT IS NOT SATISFACTORY WITHIN TEN (10) DAYS OF DELIVERY THEN THE EQUIPMENT SHALL BE IRREVOCABLY AND UNCONDITIONALLY ACCEPTED BY YOU.** If requested, You will sign a separate Equipment delivery and acceptance certificate for each Schedule. We may at Our discretion verify by telephone such information regarding delivery and acceptance of the Equipment as we deem appropriate and any such telephone verification of Your acceptance will have the same effect as a written delivery and acceptance certificate signed by You. With respect to each Schedule, Customer agrees to pay a prorated Lease Payment for the period between the Equipment delivery date (i.e. the date of the related delivery and acceptance certificate) and the Commencement Date. This prorated or partial payment will be based on the Lease Payment shown on the related Schedule prorated on a 30-day calendar month and will be added to the Customer's first invoice. With respect to each Schedule, Lease Payments plus applicable taxes and other charges provided for herein are payable in advance periodically as stated herein and therein. Restrictive endorsements on checks will not be binding on Us. All payments received will be applied to past due amounts and then to the current amount due, in such order as We determine. We may add finance charges to any amount We advance on Your behalf, including, without limitation, taxes and insurance premiums, if any. Any security deposit or estimated future Governmental Charge (as defined in Section 10 below) that You pay is non-interest bearing, may be commingled with Our funds, may be applied by Us at any time to past-due amounts, and the unused portion will be returned to You within 90 days after the end of the final Present Term of the applicable Schedule. **If We do not receive a payment in full on or before its due date, You shall pay (i) a fee equal to the greater of 10% of the amount that is late or \$29.00, plus (ii) interest on the part of the payment that is late in the amount of 1.5% per month ("Time-Value Interest") from the due date to the date paid.** If any check is dishonored, You shall pay Us a fee of \$20.00.

5. DELIVERY, LOCATION, OWNERSHIP, USE, MAINTENANCE OF EQUIPMENT. We are not responsible for delivery or installation of the Equipment relating to any Schedule. You are responsible for Equipment maintenance. You shall not remove the Equipment from the Equipment Location designated in the applicable Schedule unless You first get Our permission. You shall give Us access to each Equipment Location so that We may inspect the Equipment, and You agree to pay Our costs in connection therewith, whether performed prior to or after the Commencement Date of the applicable Schedule. **We will own and have title to all Equipment (excluding any software) throughout the Term of each Schedule.** If the Equipment includes any software, You agree that (i) We don't own the software, (ii) You are responsible for entering into any necessary software license agreements with the owners or licensors of such software, (iii) You shall comply with the terms of all such agreements, if any, and (iv) any default by You under any such agreements shall also constitute a default by You under the applicable Lease. You agree that all Equipment is and shall remain personal property. You shall not permit it to become (i) attached to real property or (ii) subject to liens or encumbrances of any kind whatsoever. **You represent that all Equipment will be used solely for commercial purposes and not for personal, family or household purposes.** You shall use all Equipment in accordance with all laws, operation manuals, service contracts (if any) and insurance requirements, and shall not make any permanent alterations. At Your own cost, You shall keep the Equipment in good working order and warrantable condition, ordinary wear and tear excepted ("Good Condition").

6. NO WARRANTIES; FINANCE LEASE. WITH RESPECT TO EACH SCHEDULE, WE ARE LEASING THE EQUIPMENT TO YOU "AS IS". WE HAVE NOT MADE AND HEREBY DISCLAIM ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, ARISING BY APPLICABLE LAW OR OTHERWISE, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. You agree that the transaction represented by each Schedule is a "finance lease" as defined in Article 2A of the Uniform Commercial Code ("UCC"). To the extent permitted by law, **You hereby waive any and all rights and remedies conferred upon You under UCC Sections 2A-303 and 2A-508 through 522.** If it is determined that the transaction represented by any Schedule is other than a "lease" as defined in Article 2A, then You hereby grant to Us a security interest in the Equipment and all proceeds thereof. You authorize Us to record (and amend, if appropriate) a UCC financing statement to protect Our interests. With respect to any one or more Schedules, You may be entitled under Article 2A to the promises and warranties (if any) provided to Us by the Vendor(s) in connection with or as part of the contract(s), if any, by which We acquire the Equipment. You may contact the Vendor(s) for an accurate and complete statement of those promises and warranties (if any), including any disclaimers and limitations of them or of remedies. We hereby transfer to You, **without recourse to Us**, all automatically transferable promises and warranties, if any, made to Us by the Vendor(s).

NO SCHEDULE MAY BE TERMINATED EARLY. THE TERMS OF THIS MASTER LEASE ARE CONTINUED ON THE REVERSE OR NEXT PAGE

| | | | |
|----------------------|-------------|---|----------|
| VAR Resources, Inc.: | Customer: | Lexington Fayette Urban County Government | |
| (Date) | By: | X | / (Date) |
| | Print Name: | | Title: |

7. **LIABILITY; INDEMNIFICATION.** We are not liable for any claims, actions, damages (whether direct, indirect, incidental or consequential), liabilities, losses or costs made against or incurred by You relating to the delivery, installation, possession, use, return, loss of use, defect or malfunction of any Equipment (collectively, "Equipment Matters") with respect to any Schedule. You shall indemnify and defend Us against, and hold Us harmless for, any and all claims, actions, damages, liabilities, losses, and costs (including reasonable attorneys' fees) made against or incurred by Us relating to Equipment Matters.

8. **LOSS; DAMAGE; INSURANCE.** You shall, during the Term, (i) bear the risk of loss and damage to all Equipment leased under all Schedules and shall continue performing all Your obligations to Us even if it becomes damaged or suffers a loss, (ii) keep all Equipment insured against all risks of damage and loss ("Property Insurance") in an amount equal to its replacement cost, with Us named as sole "loss payee," and (iii) carry public liability insurance covering bodily injury and property damage ("Liability Insurance") in an amount acceptable to Us, with Us named as "additional insured." You have the choice of satisfying these insurance requirements by providing Us with satisfactory evidence of Property and Liability Insurance ("Insurance Proof"), within 30 days of the Commencement Date of each Lease. Such Insurance Proof must provide for at least 30 days prior written notice to Us before it may be cancelled or terminated and must contain other terms satisfactory to Us. **If You do not provide Us with Insurance Proof within 30 days of the Commencement Date of a Schedule, or if such Insurance terminates for any reason, then (a) You agree that We have the right, but not the obligation, to obtain such Insurance in such forms and amounts from an insurer of Our choosing in order to protect Our interests ("Other Insurance"), and (b) You agree that We may charge You a periodic Insurance Charge for such Other Insurance.** The Insurance Charge will include reimbursement for premiums advanced by Us to purchase Other Insurance, a finance charge of up to 18% per annum (or the maximum rate allowed by law, if less) on any advances We make for premiums, billing and tracking fees, charges for Our processing costs associated with the Other Insurance, and other related fees. We and/or one or more of Our affiliated companies or agents will receive a portion of the Insurance Charge, which may include a profit. We are not obligated to obtain and may cancel Other Insurance at any time without notice to You. Any Other Insurance need not name You as an insured or protect Your interests. The Insurance Charge may be higher than if You obtained Property and Liability Insurance on Your own.

9. **ASSIGNMENT. YOU SHALL NOT SELL, TRANSFER, ASSIGN, PLEDGE OR OTHERWISE ENCUMBER (collectively, "Transfer") THIS MASTER AGREEMENT OR ANY SCHEDULE, OR TRANSFER OR SUBLEASE ANY EQUIPMENT, IN WHOLE OR IN PART.** We may, without notice to You, Transfer Our interests in this Master Agreement, any one or more Schedules and/or any or all Equipment leased thereunder, in whole or in part, to a third party (a "New Owner"), in which case the New Owner will, to the extent of such Transfer, have all of Our rights and benefits but will not have to perform any of Our obligations (if any). You agree not to assert against the New Owner any claim, defense or offset You may have against Us or any predecessor in interest.

10. **TAXES AND OTHER FEES.** You are responsible for all taxes (including, without limitation, sales, use and personal property taxes, and excluding only taxes based on Our income), levies, assessments and license and registration fees and other governmental charges relating to each Lease and the ownership, leasing, sale, possession or use of the Equipment leased under each Schedule (collectively, "Governmental Charges"). We may periodically bill you for, and You agree to promptly pay, estimated future Governmental Charges. You authorize Us to pay any Governmental Charges when and as they may become due, and You agree to reimburse Us promptly upon demand for the full amount (less any estimated amounts previously paid by You). You hereby appoint Us as Your attorney-in-fact to sign Your name to any document for the purpose of filing tax returns. You agree to pay Us a fee for preparing and filing personal property tax returns. With respect to each Schedule, You also agree to pay Us upon demand (i) for all costs of filing, amending and releasing UCC financing statements and a fee for each filing and (ii) a processing fee of \$75.00 for each Lease to cover Our investigation, documentation and other administrative costs in originating the Lease. **You agree that the fees set forth in this Master Agreement and in the Schedules may include a profit component.**

11. **SAVINGS CLAUSE.** If it is determined that any amount charged or collected with respect to a Lease is greater than the amount allowed by law, including, without limitation, any amount that is determined to exceed applicable usury limits (an "Excess Amount"), then (i) any Excess Amount charged but not yet paid will be waived by Us and (ii) any Excess Amount collected will be applied to any amount then due and owing by You with respect to such Lease, adjusted to conform with applicable law, or, if there is no such amount then due and owing by You, will be refunded to You.

12. **DEFAULT.** You will be in default under a Schedule if, with respect to such Schedule, this Master Agreement or any other Schedule or agreement between You and Us, You fail to pay any amount within 15 days of the due date or fail to perform or observe any other obligation. If You are in default, We may do any one or more of the following, at Our option, concurrently or separately: (A) cancel the Lease represented by such Schedule and any one or more Lease(s) represented

by any other Schedules, (B) require You to return the Equipment leased under any one or more Schedule(s) pursuant to Section 13 of this Master Agreement, (C) take possession of and/or render unusable the Equipment leased under such Schedule(s), and for such purposes You hereby authorize Us and Our designees to enter Your premises, with or without prior notice or other process of law, (D) with respect to any one or more Schedules, require You to pay to Us, on demand, an amount equal to the sum of (i) all Lease Payments and other amounts then due and past due, (ii) all Lease Payments for the then-remaining Present Term(s) of such Schedules plus Our residual interest in the Equipment as indicated by Our records, discounted at a rate of 6% per annum (or the lowest rate permitted by law, whichever is higher), (iii) interest at the rate of Time-Value Interest on the amounts specified in clauses "i" and "ii" above from the date of demand to the date paid, and (iv) all other amounts that may thereafter become due hereunder to the extent that We will be obligated to collect and pay such amounts to a third party (such amounts specified in sub-clauses "i" through "iv" referred to below as the "Balance Due"), and/or (E) exercise any other remedy available to Us under law. You also agree to reimburse Us on demand for all reasonable expenses of collection and enforcement (including, without limitation, reasonable attorneys' fees and other legal costs) and reasonable expenses of repossessing, holding, preparing for disposition, and disposition ("Remarketing") of the Equipment, plus Time-Value Interest on the foregoing amounts from the date of demand to the date paid. In the event We are successful in Remarketing the Equipment with respect to any Schedule, We shall give You a credit against the Balance Due under such Schedule in an amount equal to the present value of the proceeds received and to be received from Remarketing minus the above-mentioned costs (the "Net Proceeds"). If the Net Proceeds are greater than the Balance Due, We shall pay You such surplus. If the Net Proceeds are less than the Balance Due, You shall be liable for such deficiency. Any delay or failure to enforce Our rights under the Lease shall not constitute a waiver thereof.

13. **RETURN OF EQUIPMENT.** If You are required to return the Equipment under any Schedule, You shall, at Your expense, send the Equipment to any location(s) that We may designate. The Equipment must be properly packed for shipment, freight prepaid and fully insured, and must be received in Good Condition (as defined in Section 5 of this Master Agreement). If You are required to return the Equipment under Section 12 of this Master Agreement, You shall do so promptly upon demand. If You are required to return the Equipment under Section 3 of this Master Agreement, then (i) it must be received by Us in Good Condition within 15 days after the expiration of the then Present Term, (ii) if it is not received within 15 days of the date of demand, You agree to continue paying Lease Payments and all other amounts due hereunder until it is received and accepted by Us in Good Condition, and (iii) You agree to pay a handling and restocking fee of \$250.00 promptly upon demand. If You are required to return the Equipment under any provision of this Master Agreement and it is not in Good Condition when it is received by Us, You agree to pay Our reasonable costs that We incur in connection with repairing or restoring the Equipment to Good Condition (as defined in Section 5 of this Master Agreement).

14. **APPLICABLE LAW; VENUE; JURISDICTION.** Each Lease shall be governed by, enforced and construed in accordance with the laws of the state of Lessor's principal place of business or, with respect to any Lease that Lessor assigns to a New Owner, the laws of the state of the New Owner's principal place of business, and any dispute concerning a Lease shall be adjudicated in a federal or state court in such state or in any other court or courts having jurisdiction over You or Your assets, all at the sole election of Lessor or the New Owner. You hereby irrevocably submit generally and unconditionally to the jurisdiction of such courts and irrevocably waive any defense of an inconvenient forum to the maintenance of any such action or proceeding. **YOU AND WE HEREBY WAIVE YOUR AND OUR RESPECTIVE RIGHTS TO A TRIAL BY JURY IN ANY LEGAL ACTION.** Each provision of this Master Agreement and of each Schedule shall be interpreted to the maximum extent possible so as to be enforceable under applicable law. If any provision is construed to be unenforceable, such provision shall be ineffective only to the extent of such unenforceability without invalidating the remainder of the Lease.

15. **MISCELLANEOUS.** You represent and covenant to Us that this Master Agreement is, and each Schedule will be, enforceable against You in accordance with its terms, and You acknowledge that this representation and covenant was a material inducement to Us to acquire the Equipment to be leased under each Schedule and to enter into this Master Agreement and each Schedule. This Master Agreement and any one or more Schedules may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute the same document. You acknowledge that You have received a copy of this Master Agreement, and You agree that a facsimile or other copy of this Master Agreement and of any Schedule and Other Document containing Your faxed or copied signature shall be as enforceable as the original executed document.

Lessee's Initials:

Exhibit A



Equipment Lease Schedule No. _____

This Equipment Lease Schedule (this "Schedule") is made and entered into as of the _____ day of _____, by and between VAR Resources, Inc. (hereinafter "We," "Us" or "Our") and Lexington Fayette Urban County Government (hereinafter "You" or "Your"). This Schedule is entered into subject to that certain Master Lease Agreement No. _____ (the "Master Agreement") between You and Us. All of the terms and conditions set forth in the Master Agreement are hereby reaffirmed and incorporated in and made part of this Schedule, as if fully set forth herein. The Master Agreement, together with this Schedule and the related and supporting documents entered into in connection with this Schedule, represent the final and only agreement between You and Us regarding the leasing of the Equipment identified below and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements. There are no unwritten oral agreements between You and Us relating to the leasing of the Equipment. This Schedule may not be changed except by way of a written agreement between You and Us. Other agreements (including, without limitation, those contained in any purchase agreement or order between You and the Supplier of Equipment) not stated in the Master Agreement or in the Schedule or other supporting documents are not binding on Us. This Schedule, inclusive of the terms and conditions set forth in the Master Agreement, constitutes a separate lease between You and Us. Any amendment to the Master Agreement subsequent to the date of this Schedule shall be ineffective as to this Schedule unless otherwise expressly stated in such amendment. This Schedule may not be modified except in a writing signed by You and Us.

- 1. We hereby agree to lease to You, and You hereby agree to lease from Us, the following-described Equipment upon the terms and conditions set forth in this Schedule and in the Master Agreement:

Description of Equipment - INCLUDE MAKE, MODEL AND SERIAL NUMBERS (ATTACH ADDITIONAL PAGE IF NECESSARY)

See attached Schedule A

- 2. Equipment Supplier: VAR Resources, Inc.
3. Equipment Location Address: 200 E Main St Ste 726, Lexington, KY 40507-1310
4. Original Term: 36 months
5. Commencement Date of this Lease:
6. Lease Payment Amount: \$1,669.60 per: [] Month [x] Quarter [] Year [] Other:
7. Check here [] if Lease Payment amount includes sales/use tax.
8. \$1,669.60 Lease Payment(s) is(are) due at the time this Schedule is signed, which shall be applied to the: [x] First Lease Payment [] First and Last Lease Payments [] Other
9. Security Deposit: \$
10. Purchase Option at end of Original Term: [] None [x] Fair Market Value as of end of Original Term [] One Dollar (\$1.00) [] Other:

The above equipment purchase options may be exercised by You only at the end of the Original Term. If you are in default under the Master Agreement or this Schedule at the time you desire to exercise a purchase option, You must cure such default to Our satisfaction before having the right to exercise such option. If the "One Dollar" purchase option is checked above, then the last two sentences of Section 3 of the Master Agreement shall not apply to this Lease (in other words, the "automatic renewal" provisions in Section 3 shall not apply to this Lease). If the "Fair Market Value" option is checked above, then the purchase price will be the fair market retail value of the Equipment, as determined by Us in our sole but reasonable judgment, as of the end of the Original Term.

- 11. This Schedule is not binding upon Us unless and until We accept this Schedule by signing below. A facsimile copy of this Schedule shall have the same force and effect as the original. This Schedule is non-cancelable and may not be terminated early.

VAR Resources, Inc. You: Lexington Fayette Urban County Government
By: X Date: Name (Print): Title: Date Signed:

SCHEDULE "A"

Lexington Fayette Urban County Government

| Quantity | Description |
|----------|--------------------------------------|
| 10 | LVO TS TP W540 I7-4800MQ 256/8GB W8P |

Lessee: Lexington Fayette Urban County Government

Signature: _____

Title: _____

Non-Appropriation Addendum

| | |
|---|--|
| Lessee/Renter/Customer: Lexington Fayette Urban County Government | Title of lease, rental or other agreement: dated |
| Lessor or Lender: VAR Resources, Inc. | Lease, rental or contract #: |

Formatted: English (United States)

This Non-Appropriation Addendum (this "**Addendum**") is made by and between the above-referenced state or local governmental entity ("**Customer**") and the above-referenced lessor or lender ("**Creditor**").

Introduction: Customer and Creditor are simultaneously herewith entering into the above-referenced lease or other credit agreement ("**Agreement**"); and Customer and Creditor wish to modify the terms of the Agreement to provide for terms that will apply in the event of the non-appropriation of funds by Customer's legislature or other governing body. This Addendum shall be effective as of the same date as the Agreement (the "**Effective Date**").

1. **Incorporation and Effect.** This Addendum is hereby made a part of, and incorporated into, the Agreement as though fully set forth therein. As modified or supplemented by the terms set forth herein, the provisions of the Agreement shall remain in full force and effect, *provided that*, in the event of a conflict between any provision of this Addendum and any provision of the Agreement, the provision of this Addendum shall control.

2. **Definitions.** Capitalized terms herein that are not otherwise specifically defined herein shall have the same meanings as set forth in the Agreement. As used in this Addendum, the following terms shall have the following-described meanings:

"**Agreement Related Documents**" means all solicitations, requests for proposal, invitations for bid, proposals, bids, contract awards, service level agreements, statements of work, service agreements, maintenance agreements, purchase orders or other documents or specifications related to the transaction contemplated in the Agreement but not issued or entered into by Creditor.

"**Goods**" shall have the same meaning as the term "Equipment," "Leased Equipment," "Goods," "Property" or "Collateral" (or a similar term) as defined and used in the Agreement.

"**Non-Appropriation of Funds**" means any failure of Customer's legislature or other governing body to appropriate funds for the payment of amounts due and to become due to Creditor under the Agreement in a given fiscal year during the term thereof.

"**Non-Appropriation Notice**" means a written notice delivered to Creditor from Customer certifying that (i) a Non-Appropriation of Funds has occurred, and (ii) Customer has exhausted all funds appropriated for payment of amounts due and to become due under the Agreement.

3. **Non-Appropriation.** Customer intends, to the extent permitted by law, to remit to Creditor all sums due and to become due under the Agreement for the full term thereof, provided funds are appropriated for such purpose. Notwithstanding the foregoing, the Agreement does not constitute an obligation payable in any fiscal year beyond the last fiscal year for which related funds are lawfully appropriated. In the event of a Non-Appropriation of Funds, Customer may, **subject to the terms hereof**, terminate the Agreement as of the last day of the fiscal year for which appropriations were received and thereafter return the affected Goods as set forth below. In order to invoke Customer's rights under this provision, Customer agrees that: (a) to the extent permitted by law, at least thirty (30) days prior to the end of the fiscal period for which funds were last appropriated with respect to the Agreement, Customer shall provide Creditor with a Non-Appropriation Notice, and (b) upon expiration of such fiscal period, Customer shall return the Goods to Creditor to any location Creditor designates in the continental United States, insured, freight prepaid by Customer, in good and working order and immediately available for sale by Creditor to a third party buyer, user, renter or lessee, other than Customer, without the need for any repair or refurbishment. Customer shall pay all costs to repair Goods not returned in conformity herewith.

4. **Non-Substitution.** In the event Customer terminates the Agreement due to a Non-Appropriation of Funds, Customer agrees (to the extent permitted by law) that, for a period of one (1) year from the date of such termination, Customer shall not purchase, lease or rent equipment performing functions similar to those performed by the Goods, for use at the site where the Goods are located, except for the public health, safety or welfare of the Customer; *provided, however*, that **this section shall not be applicable to the extent that these restrictions are unlawful or would adversely affect the validity or enforceability of the Agreement.**

5. **Additional Representations and Warranties.** In addition to the representations and warranties made by Customer as set forth in the Agreement, Customer hereby represents and warrants that the Agreement: (a) is a valid and legally binding contract, entered into in compliance with all applicable laws, including, without limitation, laws relating to open meetings, public bidding, procurement and appropriations, (b) conforms with, **but does not incorporate**, the terms and conditions of any applicable Agreement Related Documents and is the sole governing contract with respect to the Customer's acquisition or use of the Goods, and (c) constitutes a current expense (and not debt under state law) and does not constitute a pledge of Customer's tax or general revenues. Customer further represents and warrants that sufficient unencumbered funds have been appropriated for Customer to fulfill all of its payment obligations under the Agreement during Customer's current fiscal year.

Customer acknowledges and agrees that Agreement Related Documents are **not** a part of the Agreement and that the terms and conditions of the Agreement supersede and control over any additional or conflicting terms set forth in any Agreement Related Documents.

6. Choice of Law; Affect on Default and Indemnity Provisions. Notwithstanding anything in the Agreement to the contrary, the Agreement shall be governed by, construed and enforced in accordance with the laws of the state in which Customer is located. To the extent Creditor's remedies for a Customer default under the Agreement include any right to accelerate amounts to become due under the Agreement, such acceleration shall be limited to amounts to become due during the then-current fiscal year of Customer. Nothing contained in this Section shall be deemed to otherwise limit or affect any of Creditor's rights or remedies under the Agreement. To the extent Customer is or may be obligated to indemnify, defend or hold harmless Creditor under the terms of the Agreement, such potential indemnity obligation shall only arise to the extent permitted by applicable law. Customer's monetary obligation with respect to such potential indemnity obligation (if any) shall be limited solely to sums lawfully appropriated for such purpose and shall be available only in the amount and pursuant to such administrative or legal procedures as required by law. **Nothing contained in this Addendum or the Agreement shall be deemed to obligate Creditor to appropriate or otherwise make available funds to satisfy any indemnity or other obligation to the extent such obligation would be unlawful or would adversely affect the validity or enforceability of the Agreement.** Nothing contained in this Section shall be deemed to otherwise limit or affect any of Creditor's rights or remedies under the Agreement.

7. Miscellaneous. This Addendum, together with the provisions of the Agreement not expressly inconsistent herewith, constitutes the entire agreement between the parties with respect to the matters addressed herein, and shall supersede all prior oral or written negotiations, understandings and commitments. This Addendum may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall be deemed to constitute one and the same agreement. A facsimile or other copy of this Addendum with facsimile or copied signatures shall have the full force and effect of the original for all purposes, including the rules of evidence applicable to court proceedings.

| | |
|--|--|
| Customer: Lexington Fayette Urban County Government | Accepted by Creditor: VAR Resources, Inc. |
| By: X _____ | _____ |
| Print: | Print: |
| Title: | Title: |

IMPORTANT: YOUR ADVANCE PAYMENT CHECK WILL BE USED FOR VERIFICATION OF YOUR CHECKING ACCOUNT. IF NO ADVANCE PAYMENT IS REQUIRED, INCLUDE A VOIDED CHECK FOR VERIFICATION OF YOUR CHECKING ACCOUNT NUMBER. PLEASE FAX A COPY OF THE DOCUMENTS AND VOIDED CHECK (IF NECCESARY) TO: 972-755-8210. THEN RETURN THE ORIGINAL SIGNED DOCUMENTS AND THE ORIGINAL VOIDED CHECK (IF NECCESARY) USING OUR UPS ACCOUNT #RV8392 VIA PRIORITY OVERNIGHT TO VAR Resources, Inc., 2330 Interstate 30, Mesquite, TX 75150

With the Automatic Payment Plan, all your payments to us will be deducted from your checking account and paid to VAR Resources on the payment due date as shown on your regular invoice. Your regular invoice will show the amount to be deducted and the due date.

Enrollment is Easy. Simply....

1. Complete the Authorization Form.
 2. Return the Authorization Form with your voided check to VAR Resources.
-

Customer Name: Lexington Fayette Urban County Government

hereby authorizes to initiate debit entries to our checking account indicated below at the depository named below, hereinafter called "DEPOSITORY", and authorizes the DEPOSITORY to debit the same to such account for amounts due pursuant to the terms of the Agreement(s) dated [redacted] between Lexington Fayette Urban County Government and VAR Resources

Customer Name: Lexington Fayette Urban County Government

| | | |
|-------------------------------|------------------------------|----------------------|
| Depository Name [redacted] | | Branch [redacted] |
| City [redacted] | State [redacted] | Zip [redacted] |
| Routing Number [redacted] | Account Number [redacted] | |

The authorization is to remain in full force and effect until Lexington Fayette Urban County Government has received written notification from us of its termination in such time and in such manner as to afford Lexington Fayette Urban County Government and DEPOSITORY a reasonable opportunity to act on it. You agree that a facsimile copy of this agreement bearing signatures may be treated as an original.

Date: _____ Customer Name: _____.

Customer Account Number: _____.

By (Authorized signature for Bank Account) _____.

Title: _____.

VAR Resources, Inc.

CERTIFICATE@VARRESOURCES.COM

INSURANCE FORM

**PLEASE REFERENCE THIS APPLICATION
#VAR802688W IN ALL COMMUNICATIONS.**

DATE: April 11, 2014

TO: Lexington Fayette Urban County Government

Pursuant to the terms of the lease agreement, and for our mutual benefit and protection, the equipment on lease must be insured against loss, theft, damage or destruction. We, therefore, request that you add to your existing insurance policy or obtain such an "all risk" policy naming **VAR Resources, Inc. and/or its Assignees** as the "additional insured" and "loss payee" with respect to the equipment involved for **#VAR802688W**.

THE NUMBER MUST BE INCLUDED IN THE LOSS PAYABLE INFORMATION IN ORDER FOR US TO PROCESS. ALL CERTIFICATES WITHOUT THE NUMBER WILL BE RETURNED.

We also request that you add to or obtain public liability insurance naming **VAR Resources, Inc. and/or its Assignees** as the "additional insured", with respect to the equipment on lease.

Please provide the information listed below and make arrangements with your insurance agent to **EMAIL to VAR Resources, Inc. at CERTIFICATE@VARRESOURCES.COM, a BINDER or CERTIFICATE OF INSURANCE** showing the names and interests as requested above.

Insurance Company: _____

Insurance Agency: _____

Telephone: _____

Contact: _____

Policy Number: _____

Effective Date: _____

How long have you had insurance through this company? _____

Thank you for your cooperation.

VAR Resources, Inc.



VAR RESOURCES – SIGNATURE VERIFICATION

This is to verify the signor below is _____
By looking at his/her Driver's License and verifying his/her signature.

Signature

Notary Public

Print Name _____

Notary Expiration Date _____

Notary Signature _____

Notary Stamp

Today's date