

## PILOT PARTICIPATION AGREEMENT

This Product Test Agreement (this "**Agreement**") is made and entered into as of October 3rd, 2017 (the "**Effective Date**"), by and between Pasiv Duty, LLC ("**Company**"), and Lexington-Fayette Urban County Government ("**Customer**").

### RECITALS

A. Company is in the process of developing a certain product that provides a firearm monitoring system (the "**Product**").

B. Company and Customer desire to have Customer use the Product and provide feedback to the Company, subject to and in accordance with the terms of this Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

### 1. SALE AND USE OF PRODUCT.

1.1 Use. Subject to the terms and conditions of this Agreement, Company will provide the Product to Customer at no cost, for its use in accordance with the terms of this Agreement.

1.2 Restrictions on Use. Customer will not: (a) modify, alter or improve the Product; (b) rent, lease, license, loan, resell, transfer, distribute or otherwise make the Product or the related services available to any third party without the prior written consent of the Company; (c) reverse engineer the Product (or any component thereof), or decompile or disassemble any software or firmware components of the Product, or authorize a third party to do any of the foregoing; or (d) mortgage, pledge or encumber the Product in any way.

1.3 Care of Product. Customer will use the Product only according to the instructions of Company. Upon delivery of Product to Customer, Customer assumes and will bear the risk of all loss or damage to the Product.

1. **FEEDBACK.** Customer agrees to: (a) use the Product and cooperate with Company in evaluating the Product; (b) if requested, work with Company to identify and resolve any errors, problems or defects in the Product discovered by Customer or Company, and in identifying additional uses and functions for the Product. In addition to the foregoing, Customer may be asked to provide Company with a feedback report in connection with the Product and the related services. All feedback, comments, and suggestions for improvements that Customer provides to Company hereunder are referred to collectively as "**Customer Feedback**". In addition, Customer shall make its police officers available to Company to participate in a roll call or post shift test and at least three "time to respond" exercises or tests to compare the Product to the legacy dispatch process, all at times that are mutually agreeable to the parties.

2. **OWNERSHIP.** Customer acknowledges and agrees that all Customer Feedback and all data collected from the Product will be the sole and exclusive property of Company. Customer hereby irrevocably transfers and assigns to Company and agrees to irrevocably assign and transfer to Company all of Customer's right, title, and interest in and to all Customer Feedback, including all worldwide patent rights (including patent applications and disclosures), copyright rights, trade secret rights, and other intellectual property rights (collectively, "**Intellectual Property Rights**") therein. At Company's request and expense, Customer will execute documents and take such further acts as Company may reasonably request to assist Company to acquire, perfect and maintain its Intellectual Property Rights and other legal protections for the Customer Feedback. Customer acknowledges and agrees that, as between the parties, Company owns all right, title, and interest in and to the Product and related services, including all Intellectual Property Rights therein, even if Company incorporates any Customer Feedback into subsequent versions of the Product. Customer will not earn or acquire any rights or licenses in the Product or in any Company Intellectual Property Rights on account of this Agreement or Customer's performance under this Agreement.

### 4. DISCLAIMERS.

4.1 Warranty Disclaimers. Customer acknowledges that the Product is being provided "AS

IS." COMPANY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT, AND ANY WARRANTIES ARISING OUT OF COURSE OF DEALING, COURSE OF PERFORMANCE OR USAGE OF TRADE.

4.2 Acknowledgment of Pre-Production Product. Without limiting the generality of the foregoing, Customer acknowledges and agrees that: (a) the Product is in the development stage with initial functionality only; (b) the Product may not operate properly, be in final form or fully functional; (c) the Product may contain errors, design flaws or other problems; (d) it may not be possible to make the Product fully functional; (e) the information obtained using the Product, including location, may not be accurate; and (f) Company has the right unilaterally to abandon development of the Product, at any time and without any obligation or liability to Customer.

4.3 No Warranty. Company does not warrant that the services related to the Product and the Product will be uninterrupted, reliable, accurate, available, error free, or free from unauthorized access. Customer acknowledges and agrees that because the Product is in the development stage that Customer should not rely on the Product or related services for any reason. Use of the Product and related services, including use of any analysis or information provided in connection thereto, by Customer or any third party shall be at Customer's sole risk and liability.

4.4 Third Party Providers. Customer acknowledges that certain services related to the Product may be provided or dependent upon by third party providers. The Company is not responsible for any act or omission or the availability or quality of any products or services provided by such third parties.

#### **1. LIMITATION ON LIABILITY.**

5.1 IN NO EVENT WILL COMPANY BE LIABLE TO CUSTOMER OR TO ANY THIRD PARTY FOR DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, DIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CON-SEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE INSTALLATION OR USE OF OR INABILITY TO USE THE PRODUCT OR RELATED SERVICES OR FOR ANY ERROR OR DEFECT IN THE PRODUCT, INCLUDING INCORRECT DETERMINATION OF LOCATION, WHETHER SUCH LIABILITY ARISES FROM ANY CLAIM BASED UPON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, AND WHETHER OR NOT COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. THE PARTIES HAVE AGREED THAT THESE LIMITATIONS WILL SURVIVE AND APPLY EVEN IF ANY LIMITED REMEDY SPECIFIED IN THIS AGREEMENT IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE. THE CUSTOMER ACKNOWLEDGES AND AGREES THAT THIS WAIVER WAS A MATERIAL INDUCEMENT TO COMPANY TO PROVIDE THE PRODUCT TO CUSTOMER FOR NO COST AND THAT COMPANY WOULD NOT HAVE PROVIDED CUSTOMER THE PRODUCT WITHOUT SUCH WAIVER.

#### **2. TERM AND TERMINATION.**

6.1 Term. The term of this Agreement will be for a period of one year, unless sooner terminated as provided below.

6.2 Termination. Either party may terminate this Agreement at any time, with or without cause, upon thirty (30) days' written notice to the other party. Company may terminate this Agreement immediately upon written notice to Customer in the event that Customer materially breaches this Agreement.

6.3 Return of Product. Upon termination of this Agreement, Customer shall return the Product to Company.

6.4 Survival. The provisions of Sections 3, 4, and 5 will survive any termination or expiration of this Agreement.

#### **7. GENERAL PROVISIONS.**

7.1 Assignment. Customer may not assign this Agreement, in whole or in part, by operation of law or otherwise, without the prior written consent of Company. Any attempted assignment without such consent will be null and of no effect.

7.2 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Kentucky (excluding its body of law controlling conflicts of law).

7.3 Severability. If any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, such provision will be construed so as to be enforceable to the maximum extent permissible by law, and the remaining provisions of the Agreement will remain in full force and effect.

7.4 Waiver. The waiver of any breach or default will not constitute a waiver of any other right hereunder or of any subsequent breach or default.

7.5 Notices. All notices required or permitted under this Agreement will be in writing and delivered in person, by confirmed facsimile transmission, by overnight delivery service, or by registered or certified mail, postage prepaid with return receipt requested, and in each instance will be deemed given upon receipt. All communications will be sent to the addresses set forth below or to such other address as may be specified by either party to the other in accordance with this Section.

7.6 Entire Agreement. This Agreement and the attached exhibits constitute the entire and exclusive agreement between the parties pertaining to the subject matter hereof, and supersede any and all prior agreements, communications, and understandings (both written and oral) regarding such subject matter. This Agreement may only be modified, or any rights under it waived, by a written document executed by both parties.

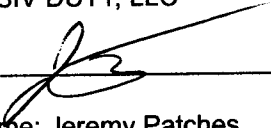
7.7 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

*[Signature Page to Follow]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set out above.

COMPANY:

PASIV DUTY, LLC

By: 

Name: Jeremy Patches

Title: Co-Founder

CUSTOMER:

Lexington-Fayette Urban County Government

By: 

Name: Jim Gray

Title: Mayor