

Contract Term

The contract shall be effective for one (1) four-year term from July 1, 2013 through June 30, 2017 with three (3) additional renewal option periods of two (2) years each. The total contract period shall not exceed ten (10) years. Renewals shall be contingent upon the University's satisfaction with the equipment and services performed.

Additional Equipment Category Added

The following additional equipment category is added to the contract:

- Tractors of 170 Engine hp and above will be provided on a one-year rental at 8% of list price plus 50% of the freight and preparation expense.

Indemnification

The University and Contractor agree each party shall be responsible for its own actions as provided by applicable law.

May 15, 2012

Mr. Craig Locke
Purchasing Officer
University of Kentucky
Purchasing Division
411 South Limestone
Room 322 Peterson Service Building
Lexington, KY 40506-0005

Dear Mr. Locke:

This letter acts as our Financial Proposal, as part of our offer for Agricultural and Construction Equipment Rental Services RPF UK-1162-12 dated March 19, 2012.

1. Renting of farm equipment:

- a. Farm tractors including the 5E Limited, 5M, 6D, 6R, 7R and 8R series will be provided on a one-year rental at 9% of list price plus 50% of the freight and preparation expense. On a two year rental, these tractors will be offered at 9% of list price for the first year plus 12% of list price for the second year, plus 100% of the freight and preparation expense.
- b. Compact and utility tractors including the models 2320 – 4720 and the 5D and 5E will be offered on a one year rental at 15% of list price plus 50% of the freight and preparation expense. On a two year rental, these tractors will be offered at 15% of list price for the first year plus 18% of list price for the second year, plus 100% of the freight and preparation expense.

Note: all tractors will be subject to a maximum use of 500 hours per year per tractor. Use in excess of this will be charged at a rate of \$15 per hour in addition to the base rental payment.

- c. Hay, Forage, Tillage and Seeding Equipment will be provided on a one year rental at 13% of list price plus freight and preparation,
- d. Rotary Cutters will be offered on a one year rental at 12% of list price plus freight and preparation,
- e. Loaders and Misc. implements will be offered on a one year rental at 15% of list price plus freight and preparation.

Exception: loaders and mid-mount mowers mounted on two year tractor rentals will be offered at 15% of list price for the second year.

- f. All commercial lawn and garden items (utility vehicles, front mount mowers, commercial walk-behind mowers, ZTrak mowers and garden tractors) will be offered on a one year rental at a rate of 18% of list price plus freight and preparation.

- g. Skid Steer Loaders and attachments will be offered on a one year rental at 13% of list price plus freight and preparation provided 5 or more units are rented per year. If the quantity of skid steer loaders rented drops below 5 units in any given year, the one year rental rate will be 14% of list price plus freight and preparation.

Note: There will be a maximum use of 500 hours per year per skid steer loader. Use in excess of this will be charged at a rate of \$15 per hour in addition to the base rental payment.

- h. Any rented machines may be purchased by the University at the conclusion of the rental period at list price, less 10% and less 75% of rental payments paid.

General Notes:

1. List price is defined as the published Manufacturer Suggested Retail Price in effect at the time the equipment is delivered. List price information is available to the University at all times at www.JohnDeere.com Note that factory price changes are generally made annually but can sometimes occur without notice due to unanticipated increases in material, labor, transportation, regulatory and other associated costs.
2. Freight is the actual freight cost from factory to final delivery point.
3. Preparation includes equipment set-up, servicing, and pre-delivery check required by the Company prior to delivery to the end-user.

Sincerely,



Keith Hoverstad
John Deere Agriculture and Turf Division