



IVACS BASE PURCHASE AGREEMENT AND MAINTENANCE AGREEMENT

THIS AGREEMENT is made and entered into this 6th day of December, 2007, by and between CLOSED CIRCUIT INNOVATIONS, INC. ("CCI"), a corporation duly organized and existing under the laws of the State of Illinois, and LOMBARD POLICE DEPARTMENT, located at 235 E. Wilson Ave. Lombard, IL 60148 ("Customer").

WHEREAS, CCI is in the business of designing, producing and selling video surveillance equipment, primarily to law enforcement agencies, governmental agencies, and commercial business.

WHEREAS, Customer desires to purchase video surveillance equipment for installation in the Lombard Metra Station.

IT IS HEREBY AGREED:

1. SALE OF EQUIPMENT:

The Customer agrees to purchase and CCI agrees to sell one (1) Base Unit ("Base Unit") of an Integrated Video and Computer System ("IVACS"); one (1) 17" LCD Monitor; eight (8) IVACS OEM High Resolution Day/Night Digital Color cameras with 580 lines of resolution, extreme low lux capabilities; eight (8) IVACS OEM PTZ Cameras; one (1) Box of Digital video cable and cable conversion adaptors and terminators; one (1) OEM 16-position fuse breaker power supply; two (2) IVACS Intercom Units; and two (2) IVACS Door Controls (customer must provide door strikes); In addition, CCI grants to Customer a non-transferable, non-exclusive limited license to use the software accompanying and installed into the Base Unit by CCI (the "Software") which shall be used solely with the Base Unit. No license is granted for the use of the Software for purposes other than those granted in this Agreement for use with the Base Unit. For purposes of this Agreement, any upgrades to the Software shall be deemed to be "Software" and shall be subject to all the terms, restrictions and covenants in this Agreement that are applicable to Software.

2. TERMS

Customer shall pay to CCI:

- a. The sum of \$34,811.00 upon execution of this Agreement; and
- b. The sum of \$17,405.50 upon completion of the underground boring and all conduit wiring; and
- c. The sum of \$17,405.50 upon final installation of the IVACS System.
- d. Monthly Services Charges in the amount of \$525.00 per month for Forty-eight (48) months beginning on the date that the installation of the Base Unit and cameras are completed and every month thereafter, subject to the provisions of paragraphs 4(C) and 4(D) of this Agreement.
- e. The cost for any service equipment or other material provided by CCI due to unexpected circumstances or conditions not reasonably apparent during the initial site inspection by CCI that are required for the proper functioning of the Base Unit and Software.
- f. All late payments shall bear interest at the rate of 1.5% per month unless prohibited by law.
- g. This Agreement does NOT include any additional charges including permits, imposed by the City of Lombard or Metra. Additionally, Customer must obtain all permits/permissions from the City and/or Metra.

3. INSTALLATION – ACCESS TO SITE

Customer hereby authorizes and empowers CCI, its agents, employees or subcontractors to install and/or service the Base Unit and in so doing, to make any necessary inspections, tests (where feasible), changes and repairs as required. Customer shall allow CCI, its agents, employees, or subcontractors access to the site in which said installation and maintenance shall be performed. Access shall be allowed to CCI with reasonable notice to Customer except in emergencies and shall be allowed twenty-four (24) hours a days, seven (7) days a week, including holidays.

4. MAINTENANCE AGREEMENT

- A. Subject to subparagraphs 4(C) and (D) below, for the four (4) year period beginning on the date that installation of the Base Unit and cameras are completed, CCI shall provide maintenance services to Customer as may be reasonably required for the proper operation of the Base Unit and cameras. After notification by the Customer, CCI shall adjust or repair the Base Unit or adjust the Software as CCI, in its sole discretion, shall determine. In the event that CCI shall remove the Base Unit or cameras for maintenance, a replacement Base Unit or camera with the same or similar equipment shall be provided to the Customer.

- B. In no event shall maintenance services be provided under this Agreement to correct problems resulting from (a) any modification of or repair to the Base Unit or cameras by Customer or any third party, (b) installation of the Base Unit or cameras by any party other than CCI, (c) installation of any computer software by any party other than CCI, (d) the adjustment of the Software by any party other than CCI, (e) any tampering, misuse, negligence, or any other improper handling of the Base Unit or cameras by Customer or any third party, (f) any excessive force applied to and near the Base Unit or cameras and (g) any external causes.
- C. Notwithstanding any provision to the contrary, CCI shall have no obligation to provide any maintenance services at any time that Customer is in default of any obligation under this Purchase Agreement, including Customer's obligation to make all payments required under paragraph 2 of this Agreement.
- D. Notwithstanding any provision to the contrary, after one (1) year from the Effective Date of this Agreement, CCI may at any time by written notice to the Customer increase the Monthly Service Charge for all monthly installments due after CCI's written notice to the Customer. The Customer shall have fifteen (15) days from the date of CCI's notice to serve written notice on CCI that it wishes to terminate this Agreement. In the event that the Customer fails to serve written notice on CCI in a timely manner, this Agreement shall be deemed modified without further action by either party and shall provide (i) that the Customer shall pay Monthly Service Charges in the amount stated in CCI's written notice to Customer on the effective date stated therein and (ii) that all other terms and conditions of the Agreement not contradictory shall remain in full force and effective. In the event that the Customer serves written notice on CCI in a timely manner that Customer does not accept the increased Monthly Service Charge, the Customer shall pay all outstanding Monthly Service Charges that had accrued prior to the date of the Customer's notice to CCI and this Agreement shall terminate subject to paragraph 12 (F) hereof.

5. WARRANTIES

- A. CCI warrants that, at the time of delivery of the Base Unit and cameras to Customer, the Base Unit and the cameras will be free from defects in materials and workmanship and substantially the kind and quality described in paragraph 1 of this Agreement. At the completion of installation and during the Maintenance Period, CCI will repair the Base Unit or cameras, adjust the software or replace the Base Unit, as CCI may determine in CCI's sole discretion. CCI's liability and Customer's sole and exclusive remedy is limited to repair or replacement of the Base Unit or adjustment of the Software at CCI's option pursuant to Paragraph 4, subject to paragraph 4C and D.

- B. This Limited Warranty does not cover problems resulting from (a) any modification of or repair to the Base Unit by Customer or any third party, (b) the installation of the Base Unit by any party other than CCI, (c) the installation of any computer software by any party other than CCI, (d) the adjustment of the Software by any party other than CCI, (d) any tampering, misuse, negligence, or any other improper handling of the Base Unit by Customer or any third party, (e) any excessive force applied to and near the Base Unit and (f) any external causes.
- C. THIS WARRANTY REPLACES ALL OTHER WARRANTIES, EXPRESS OR IMPLIED INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT, AND FITNESS FOR A PARTICULAR PURPOSE. CCI MAKES NO EXPRESS WARRANTIES BEYOND THOSE STATED HERE. TO THE EXTENT ALLOWED BY LAW, CCI DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT, AND FITNESS FOR A PARTICULAR PURPOSE.
- D. CCI'S RESPONSIBILITY UNDER THIS, OR ANY OTHER WARRANTY, IMPLIED OR EXPRESS, IS LIMITED TO REPAIR, OR REPLACEMENT, AS SET FORTH ABOVE. THESE REMEDIES ARE THE SOLE AND EXCLUSIVE REMEDIES FOR ANY BREACH OF WARRANTY. CCI IS NOT RESPONSIBLE FOR INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES RESULTING FROM ANY BREACH OF WARRANTY OR UNDER ANY OTHER LEGAL THEORY INCLUDING, BUT NOT LIMITED TO ANY LOSS OR DAMAGE TO PROPERTY OR PERSONS WHETHER OR NOT DUE TO CCI'S NEGLIGENCE OR FAILURE OF THE IVAC SYSTEM TO PERFORM.
- E. Customer acknowledges that CCI is not an insurer against damage to person or property and that this Agreement is not intended to be an insurance policy or a substitute for an insurance policy. CUSTOMER ACKNOWLEDGES THAT CCI MAKES NO GUARANTY OR WARRANTY THAT ANY SERVICE OR PRODUCT SUPPLIED BY CCI WILL PREVENT OR AVERT ANY DAMAGE TO PERSONS OR PROPERTY.

5. PROHIBITION AGAINST TRANSFER AND UNAUTHORIZED USAGE.

- A. Customer represents and warrants that it will not sell, assign, gift or otherwise transfer the Base Unit or any part of the Base Unit or IVACS to any other person or entity. Customer represents and warrants that the Base Unit and IVACS shall be used in a lawful manner and shall be used for security purposes only as allowed by law. Customer represents and warrants that it (i) shall maintain sole custody and control of the Base Unit and IVACS at all times, (ii) shall prevent the Base Unit and IVACS from being used for any illegal or unauthorized use by Customer, including its agents, its employees and any other party or entity, and (iii) shall prevent theft or misplacement of the Base Unit or IVACS, or any portion thereof. In the event that the Base Unit or IVACS is stolen or misplaced, Customer shall immediately notify, and shall cooperate with, all law enforcement agencies having jurisdiction over Customer and this matter. Customer shall also notify CCI of all thefts or misplacements and shall fax a copy of the police report, or similar report, to CCI. All representations and warranties in this paragraph 6 shall survive the termination of this Agreement.

7. TESTING AND NOTICE OF MALFUNCTION

Customer shall monitor and routinely test the Base Unit and IVACS, including all devices, all hardware and software in the Base Unit, and all wireless and hard wire connections involved in the IVACS Digital City Program to determine if the Base Unit and IVACS is functioning properly and to detect any malfunctions. Customer shall immediately notify CCI if the Base Unit, IVACS and/or any Software are not functioning properly.

8. NON-DISCLOSURE

Customer acknowledges and agrees that Customer may have contact with, and receive, whether transmitted orally or in any other manner whatsoever, confidential information, trade secrets, proprietary technology, know-how, expertise and/or strategic planning information of CCI, which may include, but not be limited to, information regarding the business operations of CCI and/or its customers, research, financial information, sales or marketing strategies, customer lists, specifications, drawings, prototypes and designs of any products or proposed products of CCI or its customers, methods and processes, operating and training manuals, sources or supply lists, computer systems, software, computer hardware, computer codes, services to be sold or marketed by CCI, and other information which CCI shall from time to time designate as confidential (collectively "Confidential Information")

Confidential Information shall be kept strictly confidential and shall not be disclosed, except as expressly set forth in this Agreement. Confidential Information does not include information: (i) in the public domain; (ii) received by Customer outside of Customer's affiliation with CCI from a party not directly or indirectly under an obligation of confidentiality to CCI; or (iii) that later becomes public, unless such information is made public by Customer in breach of this Agreement, or by any other party directly or indirectly under an obligation of confidentiality to CCI; provided, however that information shall remain Confidential Information until the information becomes public, as permitted by this Agreement.

All files, records, documents, drawings, specifications, and similar items relating to business of CCI, including any and all tangible manifestations of the Confidential Information, and any copies, reproductions, or recordings thereof, whether prepared by Customer or otherwise coming into the Customer's possession, shall remain the exclusive property of CCI and shall be returned to CCI by Customer upon the request of CCI. Orally transmitted Confidential Information shall continue to be subject to the terms of this Agreement after the occurrence of any such event.

Customer agrees that the Confidential Information is an asset of CCI, is not generally known to the trade or industry in which CCI engages and, to protect the goodwill of CCI, must be kept strictly confidential.

Customer agrees that if the contents of any of the Confidential Information is disclosed in violation of this Agreement, CCI will suffer irreparable injury for which the monetary damages suffered by CCI will be difficult to ascertain. Therefore, Customer agrees to the entry of an injunction in favor of CCI to prevent the unauthorized use or disclosure of any Confidential Information and to the granting of the other equitable relief to CCI to enforce the terms of this Agreement. In the event CCI shall bring any action against Customer to enforce the terms and conditions contained herein, Customer agrees that Customer will not raise, as a claim or defense in such proceeding, that CCI has not or is not being irreparably injured or that CCI has an adequate remedy at law for monetary damages arising out of Customer's breach of the terms and conditions contained in this Agreement. Customer further agrees that the remedies of CCI contained herein are cumulative, are not exclusive and shall be in addition to any rights or remedies CCI may have at law or in equity. In the event of litigation relating to this Agreement, if a court of competent jurisdiction determines that this Agreement has been breached by Customer or its representatives, then Customer will reimburse CCI for its costs and expenses (including without limitation, reasonable legal fees and expenses) incurred in connection with all such litigation.

Notwithstanding any provision to the contrary, all provisions of this paragraph 8 shall survive the termination of the Purchase Agreement.

9. INDEMNIFICATION

Customer hereby covenants and agrees to indemnify, defend, save and hold harmless CCI, its successors and assigns, from and against any and all liability, claims or causes of action (including attorney fees and court costs) arising from Customer's use and/or possession of the Base Unit and IVACS and from any breach, alleged breach, or violation of any covenant made by Customer, its agents, employees, successors or assigns, in this Agreement, including all provisions in paragraphs 6 and 8 hereof.

Notwithstanding any provision to the contrary, all provisions of this paragraph 9 shall survive the termination of the Purchase Agreement.

10. ENTIRE AGREEMENT

This Agreement is the entire agreement between the parties and supersedes any prior written or oral agreements between the parties and may be modified or amended only by a writing signed by both parties hereto except to the extent allowed pursuant to paragraph 4(D), if applicable.

11. NOTICES

All notices, requests, demands, and other communications under this Agreement shall be in writing, unless otherwise noted, and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given or at the time of mailing if mailed to the party to whom notice is to be given, by registered or certified, postage prepaid, and properly addressed as follows:

To Customer:
Lombard Police Department
235 E. Wilson Ave.
Lombard, IL 60148

To CCI:
Closed Circuit Innovations, Inc.
C/o Steve Coan
P.O. Box 2784
Naperville, IL 60567
Fax Number: 630-355-3292

12. MISCELLANEOUS

- A. If any provision of this Agreement or the application thereof is held invalid or unenforceable, the invalidity or unenforceability thereof shall not effect any other provisions or applications of this Agreement which can be given effect without the invalid or unenforceable provisions or application, and to this end, the provisions of this Agreement are to be severable.
- B. No rights under this Agreement shall be transferred by Customer without the express prior written consent of CCI.

- C. This contract shall be binding on and shall inure to the benefits of the heirs, executors, administrators, successors, and assigns of the parties hereto; however, nothing contained in this paragraph shall be construed as a consent to any assignment of this Agreement by either party except as provided herein.
- D. This Agreement shall be construed pursuant to the laws of the State of Illinois.
- E. If any legal action or any arbitration or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.
- F. The representations, warranties, and covenants of the Parties reflected herein shall survive, even upon termination of this Agreement.

Dated this 6th day of December, 2007

Closed Circuit Innovations, Inc.

By:



Village of Lombard

By: William Mueller

Signature:



Title: Village President _____

CONTRACTOR'S FINAL RELEASE AND WAIVER OF LIEN

Project/ Owner

Contractor

Project: Lombard Metra Station

Name: Closed Circuit Innovations

Address: 9 South Main Street

Address: P.O. Box 2784

Lombard IL 60148

Naperville IL 60567

City State Zip Code

City State Zip Code

Owner: Village of Lombard

Contractor License: _____

Contract Date: 12 / 7 /2007

TO ALL WHOM IT MAY CONCERN:

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned Contractor hereby waives, discharges, and releases any and all liens, claims, and rights to liens against the above-mentioned project, and any and all other property owned by or the title to which is in the name of the above-referenced Owner and against any and all funds of the Owner appropriated or available for the construction of said project, and any and all warrants drawn upon or issued against any such funds or monies, which the undersigned Contractor may have or may hereafter acquire or possess as a result of the furnishing of labor, materials, and/or equipment, and the performance of Work by the Contractor on or in connection with said project, whether under and pursuant to the above-mentioned contract between the Contractor and the Owner pertaining to said project or otherwise, and which said liens, claims or rights of lien may arise and exist.

The undersigned further hereby acknowledges that the sum of zero dollars

Dollars (\$0.00) constitutes the entire **unpaid** balance due the undersigned in connection with said project whether under said contract or otherwise and that the payment of said sum to the Contractor will constitute payment in full and will fully satisfy any and all liens, claims, and demands which the Contractor may have or assert against the Owner in connection with said contract or project.

Dated this 6 day of June 2009

[Signature]

Contractor

Witness to Signature:

[Signature]

By: [Signature] STEVEN CON

Title: PRESIDENT