LOCUTION SYSTEMS, INC.
1626 Cole Blvd, Suite 325
GOLDEN, COLORADO 80401
(303) 932-0014

AGREEMENT FOR THE SALE OF THE CADVOICE SYSTEM

TERMS AND CONDITIONS
FOR SALE OF PRODUCTS AND LICENSE OF COMPUTER SOFTWARE

Agreement No: DUR-110401

THIS AGREEMENT (the "Agreement") is made as of April 4, 2011 by and between:

Locution Systems, Inc. 1626 Cole Blvd, Suite 325 GOLDEN, CO 80401 (303) 932-0014 (herein "LOCUTION")	AND	City of Durham 101 City Hall Plaza Durham, NC 27701-3329 (herein "Buyer")

Locution and Buyer enter into this Agreement providing, among other things, for the sale to Buyer of Locution's CADVoice System (the "product") quoted in Exhibit B and the grant to Buyer of a license to use Locution's computer software, audio database, and chip-embedded firmware so long as Buyer owns the product in exchange for the payment of the price set forth below, all in accordance with the TERMS AND CONDITIONS on attached and made a part hereof.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Sales and License Price: $ 181,400

TOTAL PRICE: $ 181,400

ORIGINAL INSTALLATION SITE: Citiy of Durham, NC

IN WITNESS WHEREOF the parties have signed this Agreement (including the TERMS AND CONDITIONS attached hereto and made a part hereof) as of the date first above written.

LOCUTION SYSTEMS, INC.	**BUYER**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

Exhibit A

The CADVoice® System for Fire and EMS Radio Dispatching

Statement of Work

Includes Proposed Systems

For City of Durham, NC

March 30, 2011

1626 Cole Blvd., Suite 325
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CADVoice-Radio® SYSTEM FOR FIRE/EMS DISPATCHING

Locution Systems will supply an automated alerting system as described in this Statement of Work for City of Durham.

1.0 Overview

The *CADVoice-Radio*® system software residing on the Locution Server located at City of Durham's communication center will translate a formatted textual command string provided by the CAD System into alert tones and a natural voice dispatch announcement and then broadcast the announcement over City of Durham's Radio system utilizing the Motorola Gold Elite System API. The translation takes place in a PC (no display, keyboard, mouse used). City of Durham has an option of selecting one of the Locution provided alert tones or provide a tone to Locution for use. Locution will also supply an API to CAD Vendor, Inc. which will define the announcement information that will be announced. Supervised and fail-over operation is also provided as part of the CADVoice® system.

This Statement of Work provides a description of the/*CADVoice Radio*® system functions, capabilities and a scope of work for system implementation. Costs for implementation of the *CADVoice Radio*® system are specified in the separate Quote/Cost Summary. Customization, if any, of system software for specific functions identified by City of Durham is also described herein and the cost for these customizations is detailed in the Quote/Cost Summary.

1.1 THE *CADVoice Radio*® SYSTEM

The *CADVoice Radio*® system is comprised of executable software which controls the alerting and announcement process, and a specific voice file database of CAD incident and location data (audio database).The central audio database is kept on the communication center server which can then be synchronized to the audio database residing at each station. The following subsections describe specific *CADVoice Radio*® system functions, announcement content and format, and associated requirements.

1.1.1 System Configuration

The hardware required at the communication center consists of a Locution server as well as hardware to interface between the Locution server and the Radio System API. The hardware required for the CADVoice-Radio® portion of the system will consist of hardware to interface between the Locution server and the Radio System.

1.1.2 In-Station Components

This is a radio dispatching only system. No station components are required. Station system may be added to this system at a later date.

1.1.3 Communication Center Components

1.1.3.1 Locution Server

One rack-mountable DELL Power-edge R720 series or equivalent Hi-reliability Server will reside at the communication center.. This server will exchange information with CAD and with the in station PCs over the IP network. This server will be provided by Locution.

1.1.5 CADVoice® SYSTEM FUNCTIONS

The CADVoice® system software will be interfaced with CAD System. The following sections describe CADVoice® functional integration with CAD, and dispatcher activation of the CADVoice® system.

1.1.5 **CADVoice®** *Integration with CAD*

The Locution CAD Server will be connected to the CAD Server by a TCP/IP connection. When commanded by the CAD system, an announcement will go out of the defined channels or talk-groups using any Motorola supporting paging protocol.

The CADVoice® system will provide information back to the CAD system relating to the status of each alert or announcement message. This information will include the data relating to whether or not a PC is off-line.

1.1.5.1 Dispatcher Activation of CADVoice®

No actions other than normal operation of the CAD system will be required to activate the CADVoice® dispatch tones and full dispatch announcement. The system is designed to automatically generate alert tones once the dispatcher has verified the event and assignment information and issued the appropriate commands to CAD to assign units.

After a dispatcher processes an incident through CAD, the CADVoice® system automatically performs the following tasks within milliseconds of receipt of CAD data:

- Formulate alert tone and dispatch audio announcement for each incident received from CAD
- Initiate alert tones
- Vocalize all pertinent dispatch information

1.2 Audio Notification

CADVoice® will receive data from CAD and generate an audio dispatch alert over the Radio System (CADVoice-Radio®). The system uses an Audio Database of pre-recorded and digitally-edited wave files corresponding to the required alert tones.

1.2.1 Message Components

Following are the message components supported by the CADVoice® system.

1.2.1.1 Alert Tones

City of Durham has an option of selecting one of the Locution-provided alert tones or may provide one of its own for incorporation into Locution's audio database. City of Durham can also select whether or not this alert tone is to be soft start and can select up to five different possible versions of the tones differentiated by incident type or unit type.

1.2.1.2 Vehicle / Incident Announcement

Following the alert tone, full vocal audio dispatch announcement will take place. The components available to the dispatch message follow.

<u>1.2.1.1 Designations of Apparatus</u>

This portion of the vocal message will be the complete unit assignment by apparatus name and number, e.g. engine 18, truck 22, hazmat 14, etc. The announcement will include the total assignment of all apparatus targeted to respond.

<u>1.2.1.2 Standard Incident/Problem Type</u>

This portion of the vocal message provides a standard description of the incident such as, "abdominal pain" or "vehicle fire" and will include any recognized incident codes that are required to be announced as well. A list of standard incident descriptions and/or nature codes will be provided by City of Durham during system design. Incident descriptions and/or nature codes may be added as needed or periodically along with other scheduled system upgrades, such as the addition of street names to the system database.

1.2.1.3 Street Address Location

The incident location component of the announcement includes the street address number, cardinal point direction, street name, and street type. Street address numbers will be articulated as described in Street Address Number section. New street names will be added to the address database periodically (frequency of these additions will be determined by City of Durham). All street names including limited access street names, such as “Interstate 25”, will be included in the database.

Exact street names and all aliases or abbreviations for each street name provided by City of Durham to Locution during database development will be recognized. For example, if a street name such as JOHN F KENNEDY EXPRESSWAY has the syntactic aliases, KENNEDY EXPY, JFK, and KENNEDY, all four representations of the single street name will be recognized and announced one way, e.g. “Kennedy Expressway.” This applies in all data fields where street names are used, e.g. intersections and cross streets.

When the location of an incident is given as an intersection of recognized street names, the CADVoice® system will announce the intersection. For example, a location entry such as HARBOR / MAIN would be announced as, “Harbor and Main.” Precise announcement syntax can be specified by City of Durham.

1.2.1.4 Cross Streets

When cross street information is provided in a standard format, CADVoice® can announce the cross street(s) as part of the incident location. An incident location announcement which includes a cross street would be announced as, “122 West Elm, cross of Baker.”

1.2.1.5 Other Directional Tags

General Cardinal point directions (i.e. north, south, etc.) are announced when passed from CAD to the CADVoice® system as part of the street address location of an incident. Additionally, specific directional tags such as “inbound” for freeways and tags such as “north of” for intersection locations can be announced. Standard locational information such as “Exit ramp” can also be included in the announcement. Aliases for directions, e.g. AVE versus AV can be recognized and announced in a consistent manner.

1.2.1.6 Apartment Numbers

When the CAD system recognizes and passes apartment numbers to the CADVoice® system they will be announced as part of the incident location, as long as they are in a consistent location within the CAD message. Any combination of numbers and letters will be announced, up to five characters. Apartment numbers will be articulated as described in section in Apartment Number section.

1.2.1.7 Floor Numbers

When the CAD system passes building floor numbers to the CADVoice® system they will be announced as part of the incident location, as long as they are in a consistent location within the CAD message. The system has the capability of announcing floor numbers up to five digits in length. Floor numbers will be articulated as described in section in Floor Number section.

1.2.1.8 Business or Common Place Name

When the CAD system recognizes a business or common place name it will be included in the dispatch announcement as long as they are in a consistent location within the CAD message. Additionally, if no street address is provided for an incident location, the CADVoice® system can use recognized business or common place names by default for the location portion of the announcement. Locution initially will record up to 7000 common place names. Locution recommends for departments with greater than 7000 common place names, that an algorithm be used to minimize the database to create major name common places, hospitals, churchs, schools, etc. Locution optionally, can update price sheet to provide any number of additional common place names.

1.2.1.9 Building Type

If building types such as “townhouse” are a standard part of dispatch announcements (e.g., via ANI/ALI data), the CADVoice® system will include it as part of the announcement. Building type lists can be very specific, making items such as “outside phone booth” or “elevator” possible.

1.2.1.10 Unrecognized Address Default Message

When a street name is new or not recognized by the CADVoice® database the system will substitute a default announcement for the unrecognized portion of the message. A message such as, "Refer to CAD terminal for address" or, "Refer to MDC for address" is substituted for the address portion of the automated announcement.

1.2.1.11 Unrecognized Apparatus Default Message

When an apparatus type is new or not recognized by the CADVoice® database the system will substitute a default announcement for the unrecognized portion of the message. A message such as, "Refer to CAD terminal for assignment" or, "Refer to MDC for units" is substituted for the apparatus assignment portion of the automated announcement.

The unrecognized apparatus message will be announced only if a completely unique apparatus type designation occurs, i.e. an existing apparatus type such as Engine with a new unit number will

automatically be recognized by CADVoice® because the system database concatenates all numbers separately from non-numeric items. For example, if the apparatus type “Battalion Chief” and its associated code(s) or abbreviation(s) – such as “BC” or “B” - are already recognized by the CADVoice® database, any unit number up to five digits can be announced with the apparatus type “Battalion Chief”. Thus, a new Battalion Chief with a designation of “BC18” will be recognized and announced as, “Battalion Chief Eighteen”.

The CADVoice® software assumes that CAD will send only approved apparatus as part of the incident data for the dispatch announcement. If the CAD system allows dispatchers to “force” new apparatus types as part of the dispatch announcement data, then the CADVoice® system will only recognize existing apparatus types followed by any number up to five digits.

1.2.1.12 Unrecognized Incident Type Default Message

When an incident type is new or not recognized by the CADVoice® database the system will substitute a default announcement for the unrecognized portion of the message. A message such as, "Refer to CAD terminal for incident" or, "Refer to MDC for incident" is announced with all other incident data.

1.2.1.13 Abort Message

As part of normal incident processing, CADVoice® announcements will only occur if a Dispatcher releases an incident for dispatch. In the event that a Dispatcher decides to abort an incident after it has been dispatched, Dispatchers will have the capability to abort a CADVoice® announcement. The abort command can be performed by any Dispatcher and will automatically initiate an announcement indicating that the current or most recent CADVoice® announcement has been rescinded. Announcement content can include specific incident data to ensure that the correct incident response is canceled.

1.2.2 Order of Message Information

The announcement format or the order in which the above announcement components are given in the vocal dispatch will be consistent for all dispatch announcements. The CADVoice® system software receives and interprets CAD incident data and arranges the corresponding voice files in the proper order.

This order will be specified by City of Durham during system design. A sample of how dispatch announcement components can be ordered is as follows:

1. Alert tones <tone><tone>
2. Responding apparatus <A9>
3. Incident description <DIFF BREATHING>
4. Location/address information <8956 S MANISTEE AV>
5. Apartment number <200A>

6. Floor number <2>
7. Building type <TNHSE>
8. Repeat (occurs by default)

CADVoice® receives incident data from CAD in a format similar to the items delimited above. The CADVoice® software sorts this data into the proper format and outputs a corresponding dispatch announcement for broadcast to all targeted units:

(<tone><tone>)" Ambulance nine, difficulty breathing. Eighty nine fifty six South Manistee Avenue, apartment two hundred A, floor two. Townhouse. Repeat, ambulance nine, difficulty breathing. Eight nine five six South Manistee Avenue, apartment two hundred A, floor two. Townhouse."

In the sample announcement above, the incident data is repeated without the alert tones. Additionally, street address numbers are repeated as individual digits for clarity. The amount of incident data repeated (if any) and the articulation of street numbers can be specified by City of Durham.

1.2.3 Specific Articulations

Announcement components requiring specific types of articulations for this implementation of the CADVoice® system will be specified by City of Durham during the implementation process from a pre-defined list of formats. Unless otherwise specified, default announcement formats for numbers will be provided. Number announcement formats are subdivided according to the announcement component in which they are used. The following sections provide a description of the default number announcements for each announcement component.

1.2.3.1 Street Address Numbers

Street address numbers in the incident location can be concatenated or articulated individually to provide maximum clarity in the vocal announcement. Specific tables of default number articulation will be provided during database development for City of Durham 's approval or modification. By default, address numbers will be articulated as indicated in Sample Sets #1 and #2 below:

Sample Number Set #1:
Address numbers in the initial portion of the dispatch announcement and numbers in all other categories, e.g. apparatus designations, will be announced in a specific pattern as follows:

652 E ALAMEDA BLVD = "six fifty-two east Alameda boulevard"
2674 NW PALMER AVE = "twenty-six seventy-four northwest Palmer avenue"
14355 S ST CECILIA ST = "one-forty-three fifty-five south Saint Cecilia street"

Sample Number Set #2:
In the repeated portion of the dispatch announcement, only street address numbers are articulated as individual digits:

652 E ALAMEDA BLVD = “six five two east Alameda boulevard”
2674 NW PALMER AVE = “two six seven four northwest Palmer avenue”
14355 S ST CECILIA ST = “one four three five five south Saint Cecilia street”

1.2.3.2 Apartment Numbers

Like street numbers, apartment numbers in the incident location can be concatenated or pronounced as individual digits and letters. When apartment number data is sent from CAD to CADVoice®, the CADVoice® announcement can include the word “number” or “apartment”:

Sample Number Set #3
By default, apartment numbers will be announced as follows:

#200A = “number two hundred A”
#301 = “number three oh one”

Sample Number Set #4
Optionally, apartment numbers can be announced as individual digits:

#200A = “apartment two zero zero A”
#301 = “apartment three zero one”

The following choices are also offered for apartment announcement syntax:

#200A = “number two zero zero A”

or,

#301 = “apartment three oh one”

1.2.3.3 Floor Numbers

If the CAD system includes a floor number as part of the incident location data, the CADVoice® system will include floor numbers in the dispatch announcement. Floor numbers will be articulated by default as individual digits. The floor number will be preceded by the word “floor” as follows:

#4 = “floor three”
#11 = “floor eleven”

Alternatively, City of Durham can request an ordinal articulation for a slightly higher cost (Locution will provide price sheet at time of request). This articulation will use an ordinal number followed by the word “floor” as follows:

#4 = “fourth floor”
#11 “eleventh floor”

1.2.3.4 Apparatus Designators

CADVoice® will receive CAD designations of apparatus assigned to respond to each incident. These designations will be matched to the appropriate CADVoice® voice files. Examples of pronunciation of numbers associated with apparatus type identifiers are as follows (these abbreviations are generic examples only; City of Durham can specify abbreviations of apparatus for the CADVoice® system):

E5 = “engine five”
T13 = “truck thirteen”
HAZ25 = “hazmat twenty-five”
AT101 = “aerial tower one-oh-one”
R146 = “rescue one forty-six”

Alternatively, apparatus numbers can be articulated as individual digits:

T118 = “truck one eight”

1.2.3.5 Street Name Pronunciations

All street name voice files will be recorded from a list provided by City of Durham. (*Note: street names provided should match those in the CAD system audio database.)* The pronunciations of specific street names may not be obvious from the spelling of the street name. To ensure that correct pronunciations will be recorded, Locution will review the audio database and generate an alphabetized list of all street names with potentially anomalous pronunciations.

Locution will then work with City of Durham to obtain the correct pronunciation of all items on this list. Other potentially anomalous items such as business names or incident descriptions will also be identified by Locution and verified by City of Durham for pronunciation in this manner.

1.2.4 Standard Notification Announcements

In addition to the test message, the CADVoice Supervisor product will (this can also be accomplished through the API if supported by CAD Vendor interface) allow up to twenty-five additional standardized announcements which can be included in the CADVoice® Audio Database. These messages can be up to one minute in duration each. Examples of possible types of notification announcements are as follows:

1. To notify companies in a targeted area of an alarm that may escalate a message can be sent from CAD to those companies. The CADVoice® system software will provide a notification tone and an announcement for targeted response personnel.

2. When an alarm is escalated to a higher level, a message can be sent to all targeted personnel. The CADVoice® software will provide an alert message consisting of a notification tone followed by the escalated incident type, followed by the location of the incident.

3. When the alarm is struck out or secured (declared under control) a corresponding message can be broadcast. The CADVoice® software will provide an alert message consisting of a tone, followed by a standard message such as, "NOTIFICATION MESSAGE, ACKNOWLEDGEMENT REQUIRED."

4. Specific announcements can be generated to call attention to printed messages on MDC screens: 1) The low priority type can consist of a tone followed by a standard message such as, "ATTENTION: DEPARTMENT MESSAGE ON MDC SCREEN." 2) The high priority type can consist of a tone followed by a standard message such as, "NOTIFICATION MESSAGE ON MDC SCREEN, ACKNOWLEDGEMENT REQUIRED."

1.3 System Monitoring

The CADVoice® system presents information on the Supervisor workstation in the communication center relating to the status of each station. This information includes the data relating to whether communication is occurring between the Locution server and the CADVoice® application on the remote station PC. It also monitors the health of the connection between the Locution Server and CAD server. All events are also time-tagged and logged in the system log. The system can be configured such that errors can be set to trigger pagers and/or email and can also perform an audio announcement detailing the error that occurred.

1.4 Locution as Back-up CAD Operation

The *CADVoice*® system may be used as a limited back-up CAD per NFPA 1221 specification. A supervisor workstation is provided in the communication center where any operation that the CAD is capable of commanding the CADVoice® system to do, may occur manually. This is accomplished with the CADVoice®-Supervisor program which is operated in a simple intuitive GUI interface.

2.0 System Implementation

Implementation of the CADVoice® system to meet the functional requirements described herein will consist of tasks listed in the following sections.

2.0.1 Create Audio Database

The data verification document is provided in order that Locution can get a better understanding of exactly what alert tones are to be used. Once we obtain this information, the audio tone wave files are created and become part of the Audio Database.

2.0.2 Resolve System Faults

Faults discovered during implementation and integration will be addressed and resolved by Locution. Resolving these faults will consist of tasks that are necessary to provide the functionality agreed to achieve contract acceptance, and do not include additional functions requested by City of Durham after contract acceptance. Additional functions not in this Statement of Work may be provided by Locution under a separate Statement of Work and at a cost to be agreed to between City of Durham and Locution.

A checklist of acceptance test criteria for this Statement of Work is included in:

APPENDIX D - ACCEPTANCE TEST PLAN

2.0.3 Install system and conduct final integration testing

After system installation Locution will assist City of Durham staff in the integration tests of the CADVoice® software with the CAD system. Test commands will be sent from the CAD system to activate the CADVoice® software and initiate audio output to the designated station(s). (Details provided in the ATP document APPENDIX D.)

2.0.4 User Orientation and Training

Following successful integration testing, Locution will provide a single site visit with up to three user orientation sessions at City of Durham's request for Dispatchers, Fire/EMS department personnel, and other communications personnel to establish the procedures for Fire/EMS incident processing with CADVoice® Orientation includes demonstrations of the CADVoice® system and an overview of dispatching parameters for system operation. Documentation of system functions and database content is also provided.

2.1 System Documentation

During system design and implementation, Locution will provide City of Durham with instructional and verification documentation. This documentation will consist of instructions to City of Durham for establishing the alert tones for the Locution Audio Database.

Locution will provide an electronic sampling of alert tones in an audio (.wav or .pcm) file format via email or disk. Instructions for opening and reviewing the files on a PC will be provided.

Upon system installation, Locution will provide City of Durham with complete system functional, operational, and database component documentation. This documentation will include a description of system architecture and functions, any operational or procedural issues for Dispatchers, and a comprehensive set of database tables listing all voice file items and their accompanying articulations.

With the exception of the alert tone wave files, all documentation will be provided for City of Durham in hard copy, with one original and two copies of each document delivered at time of system installation. Additionally, documentation will be provided electronically at City of Durham's request. A summary of all CADVoice® documentation provided for this implementation is as follows:

- Data Verification Document
- Alert Tone Wave (.wav) Files
- Acceptance Test Criteria Checklist
- System Operation and Functions Document
- Announcement Components Document
- Software License Agreement (Separate from this Statement of Work – Exhibit C)

2.2 Project Schedule

A project schedule with associated tasks and milestone dates will be provided under separate cover and will be finalized dependant on the contract signing date.

Appendix A – Customer Responsibilities

City of Durham Will:

- Have a TCP/IP Network in place with the required throughput to support the Locution Voice Announcement System. Each Locution announcement packet consists of approximately 1000 bytes.

- Allow Dial in or VPN access to the Server for Locution to configure and/or trouble-shoot the system remotely.

- Allow Access to Stations/Facilities etc., as needed by Locution Staff to conduct work related to this project. Noting this may require after-hours and weekend access.

- Designate a City of Durham Project Manager; this person will be the primary point of contact for Locution for the duration of the Implementation.

Appendix B – Locution Responsibilities

Locution Systems, Inc. will:

1. ***Build and Test City of Durham Audio Database:***

   This will consists of creating from one to five audio alert tones to City of Durham's specifications as well as create all audio components required for a complete dispatch audio database for City of Durham.

2. ***Provide and Support the Locution API***

   Locution has already supplied the Locution API and related documentation to CAD Vendor and CAD Vendor has developed an interface to this API. The main purpose of the API is that that CAD Vendor can supply required audio data that will be announced. CAD Vendor also supplies commands to initiate other CADVoice® functions.

3. ***Software and Hardware***

   Deliver all Locution supplied Software and Hardware as outlined in the Cost Proposal as well as conform to the functional specifications as outlined in the body of this SOW document.

4. ***Configuration***

   Provide on site configuration of all non-station defined software. This includes CADVoice® Server and CADVoice® Superviser.

Appendix C – Customization

No customization beyond what is listed in RFP and our proposal is presently defined.

Appendix D – Acceptance Test Plan

Locution Systems, Inc.
City of Durham CADVoice® System
Sample Acceptance Test Plan

1. Pilot Workstation Functional Certification/Validation

1.1 Announcement Accuracy

1.1.1 This portion of the ATP will test whether the system correctly creates alert tone upon a CAD command. 100% accuracy will be required to pass this test. If incorrect alert tones are identified they will be documented and the test will continue. After the test is completed the incorrect operation will be corrected and the test run again per the requirements above on a different data set.

1.2 Notification Clarity

1.2.1 This portion of the ATP will test whether the alert tones are audible and intelligible in a controlled environment. To perform this test City of Durham may select 10 employees to listen to system announcements in the controlled environment. Personnel will be asked if they were able to understand each announcement. Eighty percent of the personnel must provide an affirmative response in order to pass this test.

1.2.2 This portion of the ATP will test whether the system announcements are audible and intelligible in the field and whether or the audio signal has the appropriate power to power a station PA amplifier. The Locution audio signal going into the PA amplifier will be disconnected. An oscilloscope will connected to the audio signal at the point immediately before the PA amplifier. It will be verified that during a normal audio announcement the un-terminated audio provides a minimum 2Vpp signal on the oscilloscope.

1.3 System Updates

1.3.1 This portion of the ATP will test whether the system can successfully perform an update of a station PC without delaying the announcement of a dispatch message for more than two seconds or an administrative message for more than five seconds. This test may be performed in a laboratory environment with the station PC connected directly to the CAD system. During the update process a dispatch announcement will be sent to the station PC. The tester will confirm that the system initiates the dispatch notification within two seconds after receipt of the message. A second test will be performed in which an administrative message is sent to the station PC while an update is being processed. The tester will confirm that the administrative message is initiated within five seconds. 100% compliance is required to pass this test. If the system fails to meet the test conditions, Locution will make any necessary repairs and the test will be conducted again.

1.3.2 This portion of the ATP will test whether the system can successfully perform an update of a ***network-connected*** station PC without delaying the announcement of a dispatch message for more than five seconds, or an administrative message for more than ten seconds. The test will be conducted as outlined in 1.3.1 above, except that the station PC will be installed in a fire station and the update will be performed from a management workstation attached to the network in a remote location.

2. Final Acceptance

2.1 Completion of Deliverables:

2.1.1 Final version of application software delivered and successfully completed the Acceptance Test Plan

2.1.2 Final version of data files delivered

2.1.3 Final version of the host server file maintenance software delivered

2.1.4 Application License(s) agreement executed

2.1.5 Training completed

2.1.6 Documentation delivered

The ATP will be conducted and evaluated by City of Durham. In the event that the ATP cannot be successfully completed City of Durham may request Locution to send a representative to observe a second test and to provide a plan for changes required for successful completion of the test. City of Durham will provide the personnel and the test equipment necessary unless otherwise indicated.

Appendix E – Minimum Server Requirements

Minimum Requirements of Locution Server

- 2 GHz or faster
- 2X20GB or larger hard drives in RAID 1 array.
- Redundant power supplies
- Windows Server 2000 or 2003
- 1GB RAM
- 2XNIC Cards
- 1 PCI or enhanced PCI Expansion Slot

Locution recommended server is Dell's Poweredge R710 and two 72G minimum SCSI disk drives in Raid 1 array with operating system of Windows Server 2003. HP DL360 G4p Proliant and Raid 1 array disk drive configuration with operating system of Windows Server 2003 is also recommended. The dual power supply option on either server model is recommended.

Exhibit B

Customer : City of Durham	Quote ID	DUR-1102-Radio

Part Num	Description	Qty	Unit Cost	Total

1.0 Notes and Assumptions

Revision History

V1.2
Fixed typos.

V1.1
Added installation/configuration.
Updated wording for clarity.

V1.0
Quoted: full over the air automated voice dispatch using Motorola API (either Gold Elite or MCC7500). This will be used for 6 EMS stations plus 10 volunteer stations. Additional stations may be added as required. Note if additional streets / common place names are required, this may incur additional costs.
The over the air automated voice dispatch can be used for all City Fire, County EMS, and Volunteer stations.

Includes full project management and on-site traing.

Includes Locutoin side of Locution/CAD interface.
Customer is responsible for contracting with CAD vendor for CAD side of Locution/CAD interface.

Does not include Motorola console to tie Locution CADVoice-Radio system into.
For primary, this can either be a dedicated console or a 'lightly used' console such as admin console that may be in back room. For backup radio operation, console if required (Locution provides backup capability in its standard pricing) is typically a 'lightly used' console.

2.0 Central and Main System Software and Hardware

2.1 Software (Standardized)

LADB-BAS	Locution CADVoice Audio Database (BASIC)	1	5,500.00	5,500.00
LCADVSE	Locution CADVoice Server Software	1	11,000.00	11,000.00
LCADVSU	Locution CADVoice Supervisor	1	13,750.00	13,750.00
LCADVR-SRV	Locution CADVoice Radio (Server Side)	1	16,500.00	16,500.00
LCADVR-CLI	Locution CADVoice Radio (Client Side)	1	17,500.00	17,500.00
LMOTIINTPKG	Motorola API Interface Package	1	12,500.00	12,500.00

2.2 Software (Custom/Interfaces)

LADB-ADV	Locution CADVoice-Audio Database (Advanced)	1	35,000.00	35,000.00
LMOTCLIENT	Locution CADVoice Centracom Client Software	1	16,500.00	16,500.00
LMOTCONF	Locution Gold Elite Software Configuration	1	5,500.00	5,500.00
CI-CAD04	Interface to CAD (Locution side of Interface). Note customer must contract with CAD company to provide the CAD vendor's side of the interface.	1	11,000.00	11,000.00

2.3 Hardware

SRV-DELL	Dell High-uptime Server	1	7,500.00	7,500.00
RADIFHWPK	Radio Hardware Interfacing HW	1	500.00	500.00
PCASSEM-CR	PC Assembly	1	1,400.00	1,400.00

Subtotal (Main) 154,150.00

3.0 Station Software and Hardware

None defined

(Subtotal $0)

Subtotal (Station) 0.00

4.0 Vehicle Software and Hardware

None defined

Subtotal (Vehicle) 0.00

5.0 Services

Project Management				
PMOV	Project Management Oversight	1	5,500.00	5,500.00
PMFULL	Project Management - Full	1	10,000.00	10,000.00
Training				
LOCTR-OP	CADVoice Operation Training (On-site)	0	not bid	not bid
LOCTR-TECH	CADVoice Technical Training (On-site)	0	not bid	not bid
INOV	Installation Oversight (Installer Training) On-site	1	5,500.00	5,500.00
Installation				
LCONF	Configuration - CADVoice Radio	1	4,500.00	4,500.00
Travel				
TRV01	Travel	1	1,750.00	1,750.00

Subtotal (Services) 27,250.00

6.0 Support Maintenance Costs

MAINT01 Includes annual maintenance for:

Locution CADVoice Audio DB (BASIC)	550.00
Locution CADVoice Server	1,100.00
Locution CADVoice Supervisor	1,375.00
Locution CADVoice Radio (All related SW)	3,850.00
Locution CADVoice-Audio Database (Adv.)	3,500.00
Interface to CAD	1,100.00
Centracom Radio Hardware Interfacing HW	50.00

Subtotal (Annual Maintenance) 11,525.00

7.0 Totals (Categorized by Area)

SubTotal (Main)	154,150.00
SubTotal (Station)	0.00
SubTotal (Vehicle)	0.00
Services (excluding any defined installation)	22,750.00
SubTotal (w/o install, maint, options)	**176,900.00**

Installation/Configuration	4,500.00
Tax	Assumed no tax
Total with install/config (US Dollars)	**181,400.00**
Maintenance (Annual)	11,525.00
Options	0.00

7.1 Totals (Categorized by Software, Hardware, Services)

Software	144,750.00
Hardware	9,400.00
Services (excluding any defined installation)	22,750.00
SubTotal (w/o install, maint, options)	**176,900.00**
Installation/Configuration	4,500.00
Tax	Assumed no tax
Total with install/config (US Dollars)	**181,400.00**
Maintenance (Annual)	11,525.00
Options	0.00

Exhibit C
Software License Agreement for City of Durham

1. Recitals. The "Contract Documents" consist of the Agreement for the Sales of the CADVoice® System, CADVoice® Statement of Work (Exhibit A), Quotation document for City of Durham (Exhibit B), this Software License (Exhibit C), and the Terms and Conditions (Exhibit D). The "Proposal" consist of these Contract Documents.

2. Ownership Rights. City of Durham (the "Customer") understands that the Contract Documents do not effect any transfer of title or any other rights (except as granted herein) in any computer software (the "Software") produced, developed or delivered to the Customer by Locution Systems, Inc. ("Locution"). Further, all proprietary rights, including copyright, in and to all manuals, reports, training programs and other written materials produced by Locution and delivered to the Customer (the "Written Materials") remains in Locution.

3. Software License. Locution grants to the Customer a non-exclusive, royalty free perpetual license to use the Software for its intended purpose as described in the Contract Documents and especially in the Proposal.

3.1. Software Protection. The Customer will reasonably protect the Software as Locution's proprietary property, and the Customer may neither publish, disclose, nor distribute the Software or any part thereof except as necessary to implement the purpose of the Contract Documents. The Customer may not attempt to create the Software by reverse engineering, reverse assembly or otherwise.

3.2. Source Code. The Contract Documents do not include Software source code, which remains the sole property of Locution.

3.3. Copies of Software. Locution understands that the Customer intends to install the CADVoice Software in one location at the Communications Center. In addition, the Customer may make a reasonable and limited number of copies of the Software and Written Materials for the Customer's internal needs and uses, including archive and backup purposes. All such copies, in whole or in part, shall remain the property of Locution and shall at all times be subject to the restrictions set forth herein. Whenever a location whereat the Software is installed is closed or deactivated, the Software and all Written Materials shall be removed from that location.

4. Rights Granted to the Customer in the Written Materials. Locution, for so long as the Customer uses the Locution CADVoice System, hereby licenses and grants permission to the Customer to use, copy and disclose the Written Materials for any necessary governmental purposes connected with the Proposal, including training and education of employees who will use the CADVoice system. Such use is granted so that the Customer may understand and use the Written Materials and the Software for its intended purpose. Such Written Materials and any copies, in whole or in part, shall bear Locution's copyright notice or other proprietary notice.

5. Ownership – Authority. Locution represents and warrants to the Customer that Locution has full power and authority to grant the rights set forth in this Exhibit to the Customer with respect to the Software and Written Materials.

6. Right of Locution to Terminate for Cause. Locution may terminate its Software License for cause by giving written notice to the Customer, which notice shall specify the cause. If the Customer, within 45 days following the receipt of notice, cures the problem giving rise to the cause, this License shall continue unabated. If, however, the problem is not so cured, then this License shall terminate on the 46th day following the effective date of such notice.

7. Notice. All notices given under or with respect to this Exhibit shall be in writing. Notice shall be deemed given, effective and received when personally delivered or served, or three business days after posting when sent by certified mail, return receipt requested, with a copy by first class mail, postage prepaid, addressed to the party's authorized representative as set forth herein or at such other address as a party may from time to time designate by Notice. Notice may also be given and shall be considered delivered and effective the following business day when sent by telex, facsimile or telegram. Either party, by notice may change any name or address for future notice. "Business day" shall mean Monday through Friday, excluding New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas.

8. Good Faith. Each of the parties hereto agrees that it shall act in good faith with regard to their respective obligations hereunder.

9. Complete Agreement. This Exhibit along with the rest of the Contract Documents contains the full and complete agreement between the parties. No verbal agreement nor conversation with any officer or employee of either party shall affect of modify any of the terms and conditions of this agreement.

EXHIBIT D

TERMS AND CONDITIONS

All products sold by Locution Systems, Inc. ("LOCUTION") and all software licensed by LOCUTION are sold and licensed subject to the following TERMS AND CONDITIONS, consisting of three pages

1. Payment Terms. Customer will pay LOCUTION within 30 days after receipt of an acceptable invoice following delivery of the products and services set forth in Locution Quote RDUR-1102-Radio (hereinafter referred to as "Products") and in accordance with the CADVoice System for Fire and EMS Radio Dispatching Statement of Work both of which are incorporated herein and made a part hereof by this specific reference. Payments will be made based on the following milestones and percentages:

Milestone 1:	
25% of total order value upon delivery of all executable software (excluding radio related software)	$43,350.00
Milestone 2:	
25% of total order value upon delivery of all radio related executable software	$43,350.00
Milestone 3:	
25% of total order value upon delivery of audio database	$43,350.00
Milestone 4:	
25% of total order value upon customer system acceptance/go-live	$43,350.00

2. Risk of Loss. The Products shall be FOB Denver, Colorado and LOCUTION will assume the risk of loss until they are delivered to Customer.

3. Software License. LOCUTION grants to Customer a non-exclusive license and right to use the computer software for so long as Customer owns and uses the product. Customer will not further distribute the software without the prior consent of LOCUTION. Customer will not attempt to create the software by reverse engineering, reverse assembly or otherwise. The software included within the product is licensed for use only at the one site where the product is used and no others. Title to the software and all applicable rights, including copyright, shall remain in LOCUTION.

4. Limited Warranty. LOCUTION warrants title to the product and software. LOCUTION further warrants that the product and software will operate in material conformance with the product's published technical specifications at the time of shipment to Customer.

4.1 Defects. The products and software are warranted against defects in materials and workmanship for a period of one year from the date of LOCUTION's final acceptance or productive use invoice.

4.2 Repair or Replacement. Products which prove to be defective during the warranty period will be repaired or replaced, at the option of LOCUTION, provided, however, that the failure is not due to abuse or misuse of the product. Products under warranty must be delivered to LOCUTION at Customer's expense for repair or replacement. The products will be returned to Customer at LOCUTION's expense.

4.3 Service Hours. Telephone support is available 24/7 365 days a year. Customer should call Locution's toll free number. Note that in certain situations, the Customer's main support individual's phone number MAY be set up to take after hour calls directly. In this situation, the Customer may directly call this number to obtain a more direct response.

5. Disclaimer of Additional Warranties. Except as set forth in paragraph 4, THERE ARE NO WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHICH WARRANTIES ARE SPECIFICALLY DISCLAIMED. LOCUTION DISCLAIMS ANY WARRANTY OR LIABILITY WITH RESPECT TO ANY PRODUCT OR SOFTWARE WHICH HAS BEEN MODIFIED BY ANY PARTY OTHER THAN LOCUTION.

6. Limitation of Liability. Customer agrees that regardless of the form of claim, whether contract, tort, or other, LOCUTION shall not be liable for any loss or expense of Customer arising from claims made against Customer by any third party, nor for any claim by a third party against LOCUTION which arises from the product or software.

6.1 Force Majeure. LOCUTION shall have no liability to Customer or any third party for failure to perform under this Agreement because of acts or events reasonably beyond LOCUTION's control.

6.2 Damages Limited. LOCUTION's liability for damages to Customer for breach of this contract (and not tort claims) shall not exceed the total amount paid to LOCUTION by Customer.

6.3 Legal Assistance. If either party must resort to legal assistance to enforce any of these Terms and Conditions all reasonable expenses of the prevailing party, including attorney's fees, shall be recoverable as costs.

6.4 Reserved.

6.5 Excluded Damages. LOCUTION shall not be liable for consequential, incidental, or special damages arising from or related to the product even if LOCUTION has been advised of the possibility of such damages.

7. Reserved.

8. GENERAL

8.1 Good Faith. Each of the parties hereto agrees that it shall act in good faith with regard to their respective obligations hereunder.

8.2 Applicable Law. These Terms and Conditions shall be construed as a domestic contract to be performed in accordance with the laws of Colorado.

8.3 Conflicting Terms. These Terms and Conditions may be modified only by a writing signed by LOCUTION and Customer. If there is a conflict between the terms set forth herein and any purchase order or other document issued by Customer, the terms hereof shall govern and prevail.

9. ADDITIONAL TERMS

9.1 Locution, Inc. is a corporation organized and existing under the laws of Colorado.

9.2 Reserved.

9.3. Notice. (a) All notices and other communications required or permitted by this contract shall be in writing and shall be given either by personal delivery, fax, UPS, Federal Express, or certified United States mail, return receipt requested, addressed as follows. The parties are requested to send a copy by email.

To Customer:
City of Durham
Emergency Communications Department
101 City Hall Plaza
Durham, NC 27701-3329
Attn: James Soukup
The fax number is (919) 560-4713.
Email: James.Soukup@durhamnc.gov

To Locution:
Locution Systems
1626 Cole Blvd, Suite 325
Golden, CO 80401
Attn: Glenn Neal
The fax number is 303-384-9014.
Email: glennN@locution.com

(b) Change of Address. Date Notice Deemed Given. A change of address, fax number, or person to receive notice may be made by either party by notice given to the other party. Any notice or other communication under this contract shall be deemed given and sent at the time of actual delivery, if it is personally delivered or sent by fax. If the notice or other communication is sent by United States mail, it shall be deemed given upon the third calendar day following the day on which such notice or other communication is deposited with the United States Postal Service or upon actual delivery, whichever first occurs.

9.4 Notice of City Policy. THE CITY OPPOSES DISCRIMINATION ON THE BASIS OF RACE AND SEX AND URGES ALL OF ITS CONTRACTORS TO PROVIDE A FAIR OPPORTUNITY FOR MINORITIES AND WOMEN TO PARTICIPATE IN THEIR WORK FORCE AND AS SUBCONTRACTORS AND VENDORS UNDER CITY CONTRACTS.

9.5 EEO Provisions. (In this section 9.5, "the Contractor" means Locution, and "the City" means Customer.) During the performance of this Contract the Contractor agrees as follows: (1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, political affiliation or belief, age, or handicap. The Contractor shall take affirmative action to insure that applicants are employed and that employees are treated equally during employment, without regard to race, color, religion, sex, national origin, political affiliation or belief, age, or handicap. Such action shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting forth these EEO provisions. (2) The Contractor shall in all solicitations or advertisement for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, political affiliation or belief, age, or handicap. (3) The Contractor shall send a copy of the EEO provisions to each labor union or representative of workers with which it has a

collective bargaining agreement or other contract or understanding. (4) In the event of the Contractor's noncompliance with these EEO provisions, the City may cancel, terminate, or suspend this contract, in whole or in part, and the City may declare the Contractor ineligible for further City contracts. (5) Unless exempted by the City Council of the City of Durham, the Contractor shall include these EEO provisions in every purchase order for goods to be used in performing this contract and in every subcontract related to this contract so that these EEO provisions will be binding upon such subcontractors and vendors.

9.6 No Third Party Rights Created. This contract is intended for the benefit of Customer and Locution and not any other person.

9.7 Modifications. A modification of this contract is not valid unless signed by both parties and otherwise in accordance with requirements of law. Further, a modification is not enforceable against Customer unless it is signed by the City Manager, a deputy or assistant City Manager, or, in limited circumstances, a City department director

9.8 City's Manager's Authority. To the extent, if any, Customer has the power to suspend or terminate this contract or Locution's services under this contract, that power may be exercised by City Manager or a deputy or assistant City Manager without City Council action.