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THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

THIS FIRST AMENDMENT TO THE AGREEMENT FOR A FIRE RESCUE MONITORING/ACCOUNTABILITY SYSTEM (the "First Amendment") is made on the Countersignature Date between the **CITY OF HOUSTON, TEXAS** (the "City"), a municipal corporation, and **GRACE INDUSTRIES, INC.**("Contractor"), a Delaware corporation doing business in Texas as **GRACE SALES, INC**.

BACKGROUND:

By Ordinance No. 2002-1180, passed and adopted by City Council in December 2002, the City entered into a contract ("Original Contract") (C#54629) with Contractor for providing and maintaining a fire rescue monitoring and accountability system for the Houston Fire Department.

The City and Contractor now desire to amend the Original Contract to extend the term and to provide repair maintenance services for the Accountability System during the extended term.

For and in consideration of the mutual promises, covenants, agreements, and benefits contained in this First Amendment, the City and Contractor agree as follows:

I.

Section II, A, "Scope of Work" of the Original Contract is amended by adding Subsection II, A-1, "Scope of Work - Repair Maintenance & Supply Of New Components" as follows:

II, A-1 Scope of Work - Repair Maintenance & Supply Of New Components

In consideration of the payments specified in this First Amendment, Contractor shall provide all labor, material, and supervision necessary to repair and service components of the

Accountability System the City ships to Contractor for repairs or maintenance as set forth in Exhibit "C-1" and in response to a written request from the Director, ship new components the Director orders for the Accountability System from the lists detailed in Exhibits "C-2" and "C-3."

II.

Section III, A, "Payment Terms" of the Original Contract is amended by adding Subsection III, A-1, "Payment Terms For Repair Costs And Supply Of New Components" as follows:

III, A-1 Payment Terms For Repair Costs And Supply Of New Components

The City shall pay and Contractor shall accept the applicable repair cost listed for that item in Exhibit "C-1" and for any new components ordered by the Director, the price for that component listed in Exhibits "C-2" and "C-3." One year after the Countersignature Date of this First Agreement, Contractor may increase its prices for goods and services listed in Exhibits "C-1," "C-2" and "C-3" by the lesser of 3 percent per year or the percentage of increase in the average Consumer Price Index as published by the U.S. Department of Labor for the current year over the average CPI for the first twelve months of this First Amendment.

III.

Section IV (E), "Termination for Convenience" of the Original Contract is deleted in its entirety and replaced with the following:

IV (E) Termination for Convenience

Either party may terminate this Agreement at any time by giving 120 days written notice to the other party. Each party's right to terminate this Agreement for convenience is cumulative of all rights and remedies which exist now or in the future.

On receiving or giving notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement and cancel all existing orders and subcontracts that are chargeable to this Agreement. As soon as practicable after receiving or giving the termination notice, Contractor shall submit an invoice showing in detail the services performed under this Agreement up to the termination date. The City shall then pay the fees to Contractor for services actually performed, but not already paid for, in the same manner as prescribed in Section III, A-1 unless the fees exceed the allocated funds remaining under this Agreement.

TERMINATION OF THIS AGREEMENT IS CONTRACTOR'S ONLY REMEDY FOR THE CITY'S TERMINATION FOR CONVENIENCE, WHICH DOES NOT CONSTITUTE A DEFAULT OR BREACH OF THIS AGREEMENT. CONTRACTOR WAIVES ANY CLAIM (OTHER THAN ITS CLAIM FOR PAYMENT AS SPECIFIED IN THIS SECTION), IT MAY HAVE NOW OR IN THE FUTURE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE CITY'S TERMINATION FOR CONVENIENCE.

TERMINATION OF THIS AGREEMENT AND RECEIPT OF REPAIR MAINTENANCE SERVICES UP TO THE TERMINATION DATE ARE THE CITY'S ONLY REMEDIES FOR CONTRACTOR'S TERMINATION FOR CONVENIENCE, WHICH DOES NOT CONSTITUTE A DEFAULT OF BREACH OF THIS AGREEMENT. THE CITY WAIVES ANY CLAIM (OTHER THAN ITS CLAIM FOR REPAIR MAINTENANCE SERVICES UP TO THE DATE OF TERMINATION), IT MAY HAVE NOW OR IN THE FUTURE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM CONTRACTOR'S TERMINATION FOR CONVENIENCE.

IV.

Section V, A, "Contract Term" of the Original Contract is amended by adding Subsection IV, A-1, "Contract Term - First Amendment" as follows:

IV, A-1 Contract Term - First Amendment

This Agreement is effective on March 18, 2008 and remains in effect for three years unless sooner terminated under this Agreement (the "Initial Term").

Section V, B, "Renewals" of the Original Contract is amended by adding Subsection V, B-1, "Renewals - First Amendment" as follows:

V, B-1 Renewals - First Amendment

Upon expiration of the Initial Term, and so long as the City makes sufficient supplemental allocations, this Agreement will be automatically renewed for three successive one-year terms on the same terms and conditions except that Contractor may increase its prices as set out in Section III, "A-1" above.

V.

New Exhibits, Exhibit C-1, "Service Maintenance For Accountability System During The Term Of The First Amendment," Exhibit "C-2," "Price Schedule For GEM T PASS 3 Components During The Term Of The First Amendment" and Exhibit "C-3," "Price Schedule For GEM T PASS 4 Components During The Term Of The First Amendment" are attached to this First Amendment and made a part of the Original Contract.

VI.

In the event of a conflict between the Original Contract and this First Amendment, this First Amendment shall prevail.

VII.

All other terms and conditions of the Original Contract except as amended in this First Amendment, shall continue in full force and effect.

E. Signatures

The Parties have executed this Agreement in multiple copies, each of which is an original.

ATTEST/SEAL:

By:_____
Name:
Title:

GRACE SALES, INC. ("Contractor")

By:
Name: James P. Campman, Sr.
Title: President and CEO
Tax Identification No. 25-1711587

ATTEST/SEAL

City Secretary

CITY OF HOUSTON, TEXAS ("City")
Signed By:

Mayor

APPROVED:

City Purchasing Agent

Chief, Houston Fire Department

APPROVED AS TO FORM:

Assistant City Attorney
L.D. No. _____

COUNTERSIGNED BY:

City Controller

DATE COUNTERSIGNED:

3-24-08

EXHIBIT C-1

SERVICE MAINTENANCE FOR ACCOUNTABILITY SYSTEM DURING THE TERM OF THE FIRST AMENDMENT

1. Contractor shall provide factory repairs for parts shipped by City via standard UPS ground shipping to Contractor's facility at: Grace Industries, Inc., Repairs Dept., 305 Bend Hill Road, Fredonia, PA 16124. Upon receipt of a unit or part from HFD, Contractor shall perform repairs on all serviceable parts according to the following schedule:

   a. Warranty Repairs: within seven working days after Contractor receives the unit at its Repairs Department (Contractor will not submit a service quote for prior approval from HFD for warranty repairs).

   b. Non-warranty repairs: within five working days after Contractor receives a unit for repair from HFD at its Repairs Department, Contractor shall send a quote for the cost of repairs to that unit to HFD. Contractor shall make repairs to the unit within ten days from the date it receives HFD's approval of the quote for the cost of repairs.

2. REPAIR COSTS

City and Contractor shall assume that components for the T PASS 3 and T PASS 4 Evacuate System are repairable during Manufacturer's 12-month free warranty and the one year of additional warranty purchased by City on the expiration of Manufacture's free warranty. (City and Contractor agree that there is no warranty period for batteries).

Contractor's repair schedule for T PASS 3 and T PASS 4 Evacuate System components and repair costs which include labor, material and standard shipping via UPS ground are set out below:

EXHIBIT "C-1" (Continued)

During the additional one year paid warranty period (following the Manufacturer's 12-month warranty), City shall pay Contractor the following rates for repairs:	
PRODUCT T-PASS 3 - ALARMS	**REPAIR COST**
Back Replacement - Unit to be repaired whatever the age of the unit due to cracks and damage	$ 24.95
Accelerometer or Case Replacement - To be repaired ONLY if unit is less than 5 years old. Repair cost only covers either Accelerometer or Case replacement (not both).	$ 195.90
Accelerometer or Case Replacement - To be repaired ONLY if unit is less than 5 years old. Repair cost only covers cost of replacing Accelerometer and Case (but no back replacement)	$ 234.65
Accelerometer With Back Replacement	$ 259.65
Pass Board Replacement - With no Back Replacement, includes replacement of Accelerometer and Case (but not transceiver)	$ 419.65
Pass Board With Back Replacement - Includes replacement of Accelerometer and Case (but not transceiver)	$ 444.65
Transceiver Board Replacement - With no Back Replacement. Includes cost of Accelerometer and Case replacement (but not PASS Board)	$ 544.65
Transceiver Board Replacement - With Back Replacement. Includes cost of Accelerometer and Case replacement (but not PASS Board)	$ 569.65
Transceiver & PASS Board Replacement - With no Back Replacement. Includes cost of Accelerometer and Case Replacement.	$ 632.15
Transceiver PASS Board With Back Replacement - Includes cost of Accelerometer and Case Replacement.	$ 657.15

PRODUCT - T PASS 4 - ALARMS

Only feasible repairs to T PASS 4 units are replacement of "O" ring, batteries, cover plate, silicone skin, wire attachment clip, and accountability key, such items may be replaced by the end-user, i.e., HFD.

EXHIBIT "C-1" (Continued)

During the additional one year paid warranty period (following the Manufacturer's free 12-month warranty), City shall pay Contractor the following rates for repairs:	
PRODUCT - EVACUATE BASES, REPEATERS, REMOTES	**REPAIR COST**
Base Repair - Regardless of the age of the units, Contractor shall repair the units shipped by HFD for replacement of bases, unless Contractor deems that the Base is not repairable. In which case, Contractor shall notify Director in writing and charge City the cost of 30 minutes of labor to evaluate the Base deemed not repairable.	$ 75.00 per hour plus replacement parts at 1.5 times actual cost.
Micro Repeater Repair, Case Replacement - Case with no Back Replacement	$ 195.90
Micro Repeater Repair, Case Replacement - Case with Back Replacement	$ 220.90
Transceiver Board Assembly Replacements (includes both Boards). With no Back Replacement	$ 430.90
Transceiver Board Assembly Replacements (includes both Boards). With Back Replacement	$ 455.90

PRODUCT - REMOTE RECEIVER REPAIR	REPAIR COST
Remote Receiver Board Replacement - repair costs during 3-year period following date of purchase	$ 321.10
LCD Lid Panel Replacement - After 12-month manufacturer's warranty period.	$ 146.74
NiCad Battery Pack Replacement - For all Bases and Repeaters.	$ 216.74
LCD Screen Replacement	$ 292.74

REPAIRS AND TECH SUPPORT

In addition to providing repairs as set out above, Contractor shall also provide the City with telephone support via its telephone line (800) 969 - 6933, during the hours 8:00 A.M. to 5: P.M. EST to enable HFD-designated representatives to call Contractor for repairs and replacements.

EXHIBIT "C-2"

PRICE SCHEDULE FOR GEM T PASS 3 COMPONENTS DURING THE TERM OF THE FIRST AMENDMENT

GEM T PASS 3 COMPONENTS	
PRODUCT	**UNIT PRICE**
T-PASS 3 Evacuate PASS Device	$ 800.25
LCD Command Base Receiver	$ 7,803.65
Micro Repeater	$ 577.15
Accountability Keys	$ 15.52
Antennas	$ 17.46
Back Plates	$ 24.20
Stainless Steel Screws (per bag)	$ 15.13
In-Command Software (with Watchdog System Monitor)	$ 7,755.15
In-Command Annual Maintenance Fee (covers updates after first year	$ 194.00

EXHIBIT "C-3"

PRICE SCHEDULE FOR GEM T PASS 4 COMPONENTS DURING THE TERM OF THE FIRST AMENDMENT

GEM T PASS 4 COMPONENTS	
PRODUCT	**UNIT PRICE**
T-PASS 4 Evacuate PASS Device	$ 945.75
LCD Command Base Receiver	$ 7,803.65
Micro Repeater	$ 577.15
Accountability Keys	$ 15.52
"O" Ring	$ 1.94
Battery Cover Plate	$ 22.46
Stainless Steel Screws (per bag)	$ 15.13
Silicone Covering	$ 25.28
Wire Attachment Clip	$ 2.50
In-Command Software (with Watchdog System Monitor)	$ 7,755.15
In-Command Annual Maintenance Fee (covers updates after first year)	$ 194.00