

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) represents the understanding and agreement between ACS Security Systems, Inc. (ACS) and the Marquez Knolls Property Owners Association, its officers, directors, managers, committee members, and representatives (MKPOA) for ACS to provide a dedicated patrol service for the area defined as Marquez Knolls (MK) on the MKPOA website www.MarquezKnolls.com. The ACS proposal submitted to the MKPOA Patrol Selection Committee on April 20, 2009 is included in this Memorandum by reference. In case of a conflict between the proposal and the MOU, the MOU will govern.

Starting July 1, 2009, ACS will provide 24hours, seven days a week, armed patrol services within the boundary of Marquez Knolls. The patrol will not leave the area except for refueling. An additional roaming supervisor car may also be available during special emergencies.

In addition to the ACS markings, the patrol car will be marked and identified as "MKPOA."

While MKPOA is seeking the services of a dedicated patrol car for the community, it is understood that ACS will also market alarm services in the process of marketing the patrol service. MKPOA will coordinate and assist in the marketing efforts of the patrol service by introducing ACS to the MK community and by distributing material via e-mail, the quarterly newsletter, or direct mailing.

ACS agrees to provide the following prior to any marketing efforts: (All materials provided by ACS to MKPOA will be treated confidentially.)

1. Financial reports, credit reports, Better Business Bureau reports, and Nexis/Lexis reports.
2. Provide a certificate of insurance showing general liability, liability coverage for owned, non-owned, and hired Autos, as well as workers compensation and naming Marquez Knolls as an additional insured.
3. ACS agrees to defend, indemnify, and hold harmless from legal liabilities MKPOA and its officers, directors, managers, committee members, and representatives. This includes any legal fees or expenses or any damage or injury proximately caused by acts or omissions of ACS, its officers, managers, security officers, agents, and representatives. By ACS naming MKPOA and its officers as additional insured in its liability policies, ACS shall afford coverage for MKPOA only for the negligent performance or activities of ACS pursuant to this MOU, and be limited by the terms and condition appearing in this MOU. In no event shall it be construed for any purpose so as to make ACS or its insurer liable for the acts or omissions of MKPOA, its agent servants or employees.

The start-up fee for the dedicated patrol service will be \$40 per month for Marquez Knolls households. Subscription to the dedicated patrol service is voluntary and does not require MKPOA membership. ACS will contract with each household directly and collect the fees from each subscriber. MKPOA is not a party to such contracts.

In addition to the dedicated patrol service an optional alarm monitoring service is available from ACS. The standard ACS alarm monitoring cost is \$35.00 per month, excluding extended service agreements. However, ACS has agreed to honor the monthly fee charged by the foreign alarm company, should it be lower, and guarantees the price for three years.

ACS has agreed during the first 120 days of the dedicated patrol service to MKPOA members to provide the following:

1. Installation of a new alarm system will be free of charge to MKPOA members. We will offer a basic system to MKPOA members with a monitoring agreement at \$35 a month. (With an alarm system, MKPOA members will save approximately 20% on homeowners insurance and may receive a 20% discount on any additional equipment added to their existing alarm system).
2. For incompatible alarm systems (Westec), ACS will upgrade the alarm system at no cost.
3. A 20% discount for additional alarm system features will be extended to MKPOA members.
4. In addition to the marketing of patrol and alarm systems, ACS will also market MKPOA memberships.

ACS has agreed to provide the following as part of the patrol services:

1. The driver will respond to calls from subscribers in case of emergency or concern and will inspect the residence and premises if so authorized by the subscriber. ACS will call the proper authorities in case of emergency or criminal activities in the neighborhood.
2. ACS will provide vacation check and patrol car escort services to subscribers if requested to do so by the subscriber.
3. ACS will assist in minor medical emergencies such as helping to lift a patient into a wheel chair or out of a bath tub, etc.
4. ACS will assist in traffic control as necessary. Assistance with Marquez Elementary school traffic will be developed and jointly agreed upon by MKPOA and ACS Security.
5. The drivers will be First Aid and CPR trained.
6. ACS will continue to maintain its excellent relationship with LAPD.
7. As a special consideration, ACS will reduce the service fee to \$16,500.00 for the 24 hour car, \$11,000.00 for a 16 hour car and \$5,500.00 for an 8 hour car with a 4% annual increase until we reach our original bid price. If, during a 12 months period, the fees collected for the patrol service exceeds the bid of \$16,500 per months, that excess will be held in reserve and applied toward cancellations and then to extended patrol service or equipment installations, such as surveillance cameras or license plate recognition technology etc. On a monthly basis, ACS Security will review the number of paying subscribers and for every \$680.00 of monthly cancellations the patrol hours will be reduced by one hour. For every \$680.00 of monthly subscriptions, we will add an additional hour of patrol up to 24 hours a day.

ACS is committed to establish a 24 hour a day, 7 days a week patrol coverage in the Marquez Knolls (MK) area, until each and every homeowner has been contacted in person through direct sales (door to door, direct mail, email, or telephone) as well as sign-up all of its residents. At

that point ACS and MKPOA will mutually determine what the continued total number of patrol hours will be.

If the necessary number of subscribers within the MKPOA boundary cannot be reached, ACS will step up its marketing efforts and will market patrol, alarm, and security services to residents who live right up against the bordering neighborhoods of Marquez Knolls (MK) in order to increase the number of subscribers. ACS as a dedicated partner will share all of its resources, efforts, and time with MKPOA to show its commitment to, and belief in, its monitoring and patrol service community partnership program.

ACS will assist MKPOA in the preparation of a community disaster preparedness plan which will include the use of reliable and independent radio communications equipment used in the every-day patrol activities. A central element of this plan is the ACS communication and dispatch center located at 100 Bel-Air Road. (Bel Air and Beverly Glen). ACS Security is UL (Underwriters Laboratory) accredited and has a dual-redundant back-up power and computer system for dispatch and monitoring.

All patrol officers are trained and licensed according to local, state, and federal law. All vehicles are maintained and licensed according to local, state, and federal law. All patrol officers are trained and supervised according to the level listed in the proposal.

ACS agrees to post community protection signs on Sunset Boulevard at the entrance to Bienveneda, and at the East and West intersections of Marquez and Sunset. The format of the signs will be agreed upon with MKPOA. MKPOA will obtain the necessary permission from property owners, and/or the association for the placement of the 3' x 4' HOA signs. ACS will pay for the cost of signs and permits.

Haldis Toppel
President, MKPOA

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President, ACS Security

Date