

ADDENDUM AGREEMENT

WHEREAS the City of Rapid City ("City") and ICAD, Inc. ("ICAD") have previously entered into a contract for the development of software for use by the City, specifically a Records Management System (RMS) and a Jail Management System for Adults and Juveniles (JMS); and

WHEREAS the previous contract requires ICAD to complete the software by September 30, 2002; and

WHEREAS the ICAD has requested additional time to complete the terms of the original contract;

NOW THEREFORE in consideration of the mutual promises and covenants contained herein the parties agree as follows:

- 1) The City agrees to extend the deadline for completion of the RMS and JMS to November 15, 2002 and to submit the final payment of Forty-Five Thousand Dollars (\$45,000.00.)
- 2) ICAD agrees to provide the City of Rapid City with an escrow account, acceptable to the City, in the amount of Forty-Five Thousand Dollars (\$45,000.00) to insure completion of the RMS and JMS. Funds from the said account will be released by the City only upon completion and final acceptance by the City for the RMS in the amount of Twenty-Two Thousand Five Hundred Dollars (\$22,500.00) and the remaining Twenty-Two Thousand Five Hundred Dollars (\$22,500.00) upon completion of the JMS. ICAD shall pay all escrow costs.
- 3) Subject to the following conditions, ICAD agrees that failure to complete both the RMS and JMS by November 15, 2002 is a material breach of their obligations under the original contract and this addendum:
 - a. Documented lack of availability of Rapid City Police Department personnel for the RMS testing or Pennington County Sheriff's Office personnel for JMS testing.
 - b. Documented bugs with Microsoft SQL programming or the Windows operating system that require workarounds or fixes to be added into the software or any hardware failures that are not the responsibility of ICAD.
 - c. If either of the above conditions occurs, the Rapid City Police Department's Computer Operations Supervisor or his designee shall be notified within twenty-four (24) hours. Any allowances for additional time shall be made in writing and executed by the parties.

4) After the November 15, 2002 deadline (subject to written extensions as provided in paragraph 3) there will be a forty-five (45) day inspection period before final acceptance of the RMS and the JMS. If the forty-five (45) day inspection period expires and either or both the RMS or JMS are not accepted by the City due to failure to comply with the specifications of the contract, ICAD agrees to pay the City One Thousand Dollars (\$1000.00) per week until final acceptance.

5) All provisions of the original contract not modified by this addendum remain in full force and effect.

6) This writing (along with the original contract) constitutes the entire agreement of the parties.

IN WITNESS WHEREOF: The City of Rapid City, South Dakota, its Council having duly approved this contract, has caused the Contract to be executed on its behalf by its Mayor, hereunto duly authorized, attested thereto by its Finance Officer, and has hereto attached its corporate seal this _____ day of _____, 2002.

THE CITY OF RAPID CITY

Jerry Munson, Mayor

ATTEST:

Jim Preston, Finance Officer

(SEAL)

ICAD, INC.

BY: _____

ITS: _____