

**EXCLUSIVE AGREEMENT BETWEEN THE CITY OF LYNWOOD
AND REDFLEX TRAFFIC SYSTEMS, INC. FOR
PHOTO RED LIGHT ENFORCEMENT PROGRAM**

This Agreement (this "Agreement") is made as of this 18 day of December, 2008 by and between Redflex Traffic Systems, Inc. with offices at 23751 N. 23rd Avenue, Phoenix, Arizona, 85085 ("Redflex"), and The City of LYNWOOD a municipal corporation, with offices at 11330 Bullis Road, Lynwood, California 90262, California (the "Customer").

RECITALS

WHEREAS, Redflex has exclusive knowledge, possession and ownership of certain equipment, licenses, applications, and citation processes related to digital photo red light enforcement systems; and

WHEREAS, the Customer desires to engage the services of Redflex to provide certain equipment, processes and back office services so that Authorized Employees of the Customer are able to monitor, identify and enforce red light running violations; and

WHEREAS, it is a mutual objective of both Redflex and the Customer to reduce the incidence of vehicle collisions at the traffic intersections and city streets that will be monitored pursuant to the terms of this Agreement.

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

AGREEMENT

1. **DEFINITIONS.** In this Agreement, the words and phrases below shall have the following meanings:
 - 1.1. "Authorized Employee" means the Project Manager or such other individual(s) as the Customer shall designate to review Potential Violations and to authorize the Issuance of Citations in respect thereto,
 - 1.2. "Authorized Violation" means each Potential Violation in the Violation Data for which authorization to issue a citation in the form of an Electronic Signature is given by the Authorized Employee by using the Redflex System.
 - 1.3. "Citation" means the notice of a Violation, which is mailed or otherwise delivered by Redflex to the violator on the appropriate Enforcement Documentation in respect of each Authorized Violation.
 - 1.4. "Confidential or Private Information" means, with respect to any Person, any information, matter or thing of a secret, confidential or private nature, whether or not so labeled, which is connected with such Person's business or methods of operation or concerning any of such Person's suppliers, licensors, licensees, customers or others with whom such Person has a business relationship, and which has current or potential value to such Person or the unauthorized disclosure of which could be detrimental to such Person, including but not limited to:
 - 1.4.1. Matters of a business nature, including but not limited to information relating to development plans, costs, finances, marketing plans, data, procedures, business opportunities, marketing methods, plans and strategies, the costs of construction, installation, materials or components, the prices such Person obtains or has obtained from its clients or customers, or at which such Person sells or has sold its services; and
 - 1.4.2. Matters of a technical nature, including but not limited to product information, trade secrets, know-how, formulae, innovations, inventions, devices, discoveries, techniques, formats, processes, methods, specifications, designs, patterns, schematics, data, access or security codes, compilations of information, test results and research and development

EXHIBIT "D"
Compensation & Pricing

Fixed Fee

Commencing on the execution of this agreement Customer shall be obligated to pay Redflex a fixed fee for each Designated Intersection:

Tier 1: Fixed Fee of \$5,000 per month for each of the following approaches

Imperial Highway and Atlantic Ave, Westbound
Imperial Highway and Long Beach Blvd, Westbound

Note: Where improvements or additional lanes (right turns) are added the intersection will automatically revert to Tier 2 Fixed Fee.

Upon mutual agreement that upgrades to existing cameras would significantly improve the prosecution of violations, Redflex will upgrade face cameras to those approaches listed under Tier One, where appropriate at no additional cost to the city.

Tier 2: New approaches:

At the expiration of the Warning Period for each Designated Intersection Approach, Customer shall be obligated to pay Redflex a fixed fee of \$6200.00 per month for each Designated Intersection Approach ("Fixed Fee") as full remuneration for performing all of the services contemplated in this Agreement.

Operating Cost Deduction

The Customer's program operating costs have been established at \$250.00 per calendar month, per System (i.e. the present operating costs of 15 systems is \$3,750 per month). The Customer will retain the first \$250 gross revenue per system each month before payments of invoices are made to Redflex. For Example:

Revenue to City for month - \$50,000
Deduct Operating Cost - \$3,750 (15 systems at \$250 per system)
Balance - \$46,250

Redflex Invoice for month - \$48,200
Payment to Redflex - \$46,250

Remainder of outstanding balance (\$1,950) carried forward under Cost Neutrality provisions

Cost Neutrality

Cost neutrality is assured to Customer - Customer will never be required to pay Redflex more than actual cash received from automated red light violations.

The Customer agrees to pay Redflex within thirty (30) days after the invoice is received. Customer shall be obligated to pay the cumulative balance invoiced by Redflex, in accordance with terms set forth above, to the extent of **gross cash received by the Customer from automated red light violations. In the event that a balance remains unpaid due to a deficit in gross cash received by the Customer compared to invoiced amounts, Customer will provide to Redflex with each monthly payment, an accounting of such gross receipts supporting the amount withheld.**

1. In the event that the contract ends or is terminated and an invoiced balance is still owed to Redflex, all subsequent receipts from automated red light violations for a period of 12 months from date of termination will be applied to such balance and paid to Redflex.
2. Payment will only be made by Customer up to the amount of cash received by Customer through the collection of red light citation (from automated red light violations) up to the amount currently due.

Example:

Month 1

Gross Revenue to City for month	\$50,000
Less Operating Costs held by city	\$46,250
Redflex Invoice for month	\$48,200
Payment to Redflex	\$46,250

Check to Redflex for \$46,250 with accounting as above. Remaining balance of \$1,950 carried forward under Cost Neutrality provisions

Month 2

Gross Revenue to City for month	\$65,000
Less Operating Costs	\$61,250
Redflex Invoice month 2	\$48,200
Balance unpaid month 1	\$1,950
Total Outstanding	\$50,150
Payment to Redflex	\$50,150
Balance to City (includes Operating Cost)	\$14,850

Check to Redflex for \$50,150 with accounting as above. No Remaining balance to carry forward this month under Cost Neutrality provisions

3. Cost neutrality is guaranteed except as follows:
 - If police fail to approve violations by the due date, in good faith and due diligence.
 - If systems are de-activated due to Customer requirement.
 - If collections are not reasonably pursued, unless despite attempts by the city to encourage collections by the courts the courts fail to pursue collections.
 - The city fails to enforce right turn violations (from automated red light violations), in good faith and due diligence, if and when systems are configured for this purpose as mutually agreed between Redflex and the City.

BUSINESS ASSUMPTIONS FOR ALL PRICING OPTIONS:

1. Redflex construction will be able to utilize existing conduit for installation where space is available.
2. Each year, on the anniversary date of the contract, the pricing will increase based upon the Consumer Price Index (CPI) per the U.S. Department of Labor, Bureau of Labor Statistics (1982-1984 = 100) for West B/C (less than 1.5 million population) urban Wage Earners and Clerical Workers..
3. Except where a balance remains unpaid due to a deficit in the gross cash received as described herein, Customer agrees to pay Redflex within thirty (30) days after the invoice is received. A monthly late fee of 1.5% is payable for amounts remaining unpaid 60 days from date of invoice.

4. The provision of all necessary communication, broadband and telephone services to the Designated Intersection Approaches will be the sole responsibility of Redflex
5. The on-going supply of DSL or cable services to the Designated Intersections will be the sole responsibility of the Customer.
6. The on-going provision of any and all necessary electrical power to the Designated Intersection Approaches will be the sole responsibility of the Customer
7. City shall be solely responsible for installing required signage. City shall be solely responsible for the fabrication of any signage, notices or other postings required pursuant to any law, rule or regulation of any Governmental Authority ("Signage"), including but not limited to the Vehicle Code, and determine the placement of such Signage.
8. Roadway/Intersection improvement projects: Customer shall reimburse Redflex the costs of replacing and or modification of operational system approaches.
9. If a system is deactivated at the Customer's request due to roadway construction, the monthly fee will continue.
10. Redflex will provide two (2) laptop and one (1) desktop computer as replacement items issued under previous contract. Customer is responsible to return old laptops/desktop computers upon receipt of new equipment.