

**AMENDMENT NO. ONE TO EXCLUSIVE AGREEMENT BETWEEN
THE CITY OF HAWTHORNE, IN THE COUNTY OF LOS ANGELES, CA AND
REDFLEX TRAFFIC SYSTEMS, INC. FOR PHOTO RED LIGHT
ENFORCEMENT PROGRAM.**

THIS FIRST AMENDMENT TO THE AGREEMENT, between the City of Hawthorne, a municipal corporation, with offices at 4455 West 126th Street, Hawthorne, California 90250 ("the Customer") and Redflex Traffic Systems, Inc. with offices at 5835A Uplander Way, Culver City, California 90230 ("Redflex").

RECITALS:

- A. Reference is hereby made to the Contract dated April 19, 2009 whereby Redflex agreed to provide equipment, licenses, applications, and citations processes related to digital photo red light enforcement systems. (hereinafter "Redflex Services").
- B. This First Amendment amends Section 2, 3.3.10, 6.1, 6.2, 6.3 and Exhibits "A" and "D."
- C. Except as otherwise specifically amended herein in this First Amendment, all other terms and conditions contained in the original April 19, 2009 Agreement shall remain in full force and effect.
- D. A copy of the April 19, 2009 Agreement is attached hereto, incorporated herein as Exhibit "A".

NOW, THEREFORE, in consideration of the foregoing Recitals, the agreement of the parties as set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Section 1. All recitals stated in the First Amendment are true and correct.

Section 2. Section 2, "Term" of the Agreement is hereby amended as follows:

2. *TERM.* The term of this Agreement shall commence as of the date hereof and shall continue for a period of five (5) years from the date of this agreement. The Customer shall have the right, but not the obligation, to extend the term of this Agreement for up to two(2) additional consecutive one (1) year periods following the expiration of the Initial Term (each, a "Renewal Term" and collectively with the Initial Term, the "Term"). Customer may exercise its right to extend the term of this Agreement for a Renewal Term by providing written notice to Redflex not less than thirty (30) days prior to the last day of the Initial Term or the Renewal Term, as the case may be. In the absence of such notice to extend the Term of this Agreement, the Term shall be extended from month to month such that either party may terminate this Agreement upon thirty (30) days written notice delivered to the other party.

Section 3. Section 3.3.10 is hereby amended as follow:

3.3.10. Upon Redflex's receipt of a written request from the Customer at least fourteen (14) calendar days in advance of court proceeding, or in response to a subpoena issued to Redflex, Redflex shall provide qualified expert witnesses for use by the Customer in prosecuting Violations or defending the use of the Redflex system under this Agreement, on an out-of-pocket cost of travel reimbursement basis; provided, however, the Customer shall use its reasonable best efforts to seek judicial notice in lieu of requiring Redflex to provide such expert witnesses .

Section 4. Section 6.1, 6.2 and 6.3 are hereby amended as follows:

6.1. TERMINATION FOR CAUSE: Either party shall have the right to terminate this Agreement immediately by written notice to the other if (i) any court having jurisdiction over City rules, or any state or federal statute or regulation could be reasonably construed in such manner, that would have the effect of prohibiting or substantially changing the operation of photo red light enforcement systems, the collection of fines or penalties in reliance or use of such systems, or the permitted manner or calculation of payments provided for in this Agreement; (ii) any court having jurisdiction over City rules, or any state or federal statute or regulation could be reasonably construed in such manner, that results from the Redflex System of photo red light enforcement are inadmissible in evidence or that the use or reliance upon the Redflex System, or the Violation Data or other component of the Redflex System, impairs or violates the constitutional rights of any person; (iii) any court having jurisdiction over the City rules, or any state or federal statute or regulation could be reasonably construed in such manner, that citations issued using the Redflex system are not enforceable because of the existence of any term of this Agreement, including without limitation the provisions for payment hereunder, (iv) the City in good faith determines that any decision of any California court, whether with jurisdiction over City or otherwise, creates an unacceptable litigation hazard for the City, including with respect to costs of potential litigation, with respect to the subject matter of the foregoing provisions of this Section 6.1, (v) the City reasonably determines that amounts that the costs that it incurs hereunder are not fully offset by the amounts it receives from fines derived from citations using Redflex system or (vi) the other party commits any material breach of any of the provisions of this Agreement. In the event of a termination due to Section 6.1 (i) through 6.1 (v) above, Customer shall be relieved of any further obligations for payment to Redflex other than as specified in Exhibit "D". Either party shall have the right to attempt to remedy the cause for termination (Sec 6.1(vi)) within thirty (30) calendar days (or within such other time period as the Customer and Redflex shall mutually agree, which agreement shall not be unreasonably withheld or delayed) after written notice from the non-causing party setting forth in reasonable detail the events of the cause for termination.

6.2 Either party shall have the right to terminate this Agreement without cause at any time, without penalty, by delivering to the non-terminating party written notice of termination not less than thirty (30) calendar days prior to the termination date.

6.3. The rights to terminate this Agreement given in this Section 6.1 shall be without prejudice to any other right or remedy of either party in respect of the breach concerned (if any) or any other breach of this Agreement.

Section 5. Exhibit "A" is hereby amended as follows:

EXHIBIT "A"

STATEMENT OF WORK

The contract is for the continued operational services of the following intersections and implementation of up to 10 additional intersections. Identification of enforced intersection approaches will be based on mutual agreement between Redflex and the City as warranted by community safety and traffic needs;

Hawthorne Blvd and El Segundo Blvd, Northbound
Hawthorne Blvd and El Segundo Blvd, Southbound
Hawthorne Blvd and Imperial, Southbound
Hawthorne Blvd and Imperial, Northbound
Hindry and Rosecrans, Northbound
Rosecrans and Hindry, Westbound
Imperial and Freeman, Eastbound

During the remaining term of this Agreement and during any extensions thereof, Redflex is under no obligation to perform further system upgrades. If an upgrade is requested by the Customer, Redflex will separately invoice Customer for the upgrade.

PlateScan is no longer an available option and will not be available to the City. Should a replacement Automated License Plate Recognition ("ALPR") system become available through Redflex, the City shall have the option to procure such a system or systems at a cost to be determined when the option is requested.

Relocation of cameras will be at no charge when mutually agreed by the City of Hawthorne and Redflex; otherwise the City will be liable for relocation costs.

Section 6. Exhibit "D" is hereby amended as follows:

EXHIBIT "D"

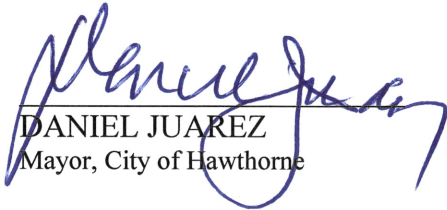
Strike all but the first sentence of the section titled "Customer Operating Costs"
Strike the section titled "Cost Neutrality" and substitute the following:

FINANCIAL FEASIBILITY. Twelve months after the execution of the contract renewal and annually thereafter, both parties will meet and evaluate financial feasibility of the program. Based on general accepted accounting principles, if the Customer determines that the program is not financially feasible to maintain, the Customer will have the right to terminate the contract and Redflex shall have the right to remedy the cause for termination within thirty calendar days (or within such other time period as the Customer and Redflex shall mutually agree) after written notice from the Customer.

Section 6. Except as otherwise specifically amended herein in this First Amendment, all other terms and conditions contained in the original April 19, 2009 Agreement shall remain in full force and effect

IN WITNESS WHEREOF, this First Amendment to the Contract has been executed by the parties hereto as of the date first above written:

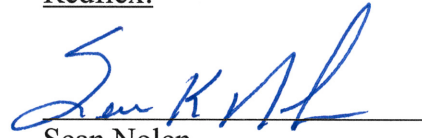
City of Hawthorne:


DANIEL JUAREZ
Mayor, City of Hawthorne

3-13-12

Date

Redflex:


Sean Nolen
Chief Financial Officer
Redflex Traffic Systems

3-13-12

Date

APPROVED AS TO FORM:


RUSSELL I. MIYAHIRA
City Attorney