

**CERTIFIED  
COPY**

**PROFESSIONAL SERVICES AGREEMENT  
"AGREEMENT"**

**Dual Red Light Photo Enforcement System**

THIS AGREEMENT made this 19th day of June, 2006 between AMERICAN TRAFFIC SOLUTIONS, INC. (herein "ATS"), a corporation duly registered under the laws of the State of Kansas with its principal place of business at 14861 North Scottsdale Road, Suite 109, Arizona, County of Maricopa, State of Arizona, and the City of Millbrae, California (herein "Customer"), with principal offices at 621 Magnolia Avenue, Millbrae, CA 94030

**WITNESSETH:**

WHEREAS, ATS has the exclusive knowledge, possession and ownership of certain equipment, licenses, and processes, referred to collectively as the "Axisis™ System", and

WHEREAS, Customer desires to use the Axisis™ System to monitor red light violations, traffic speed or other traffic movements and to issue citations for traffic violations.

NOW THEREFORE, the parties agree:

**1. DEFINITIONS:**

As used in this Agreement, the following words and terms shall, unless the context otherwise requires, have the respective meanings provided below:

"Citation" means a citation issued by a competent state or municipal law enforcement agent or agency or by a court of competent jurisdiction relating to a violation documented or evidenced by the Axisis™ System.

"Person" or "persons" means any individual, partnership, joint venture, corporation, trust, unincorporated association, governmental authority or political subdivision thereof or any other form of entity.

"Dual Stationary Camera System" means a photo-traffic monitoring device consisting of one front and one rear camera and a traffic monitoring device capable of accurately detecting a traffic infraction on up to four lanes and which records such data on an image of such vehicle. "Stationary Camera System" shall, where the sense requires, also include any enclosure or cabinet in which the Axisis™ is stationed.

"Approach" is defined as one direction of travel of one or more lane on a road or a traffic intersection.

"Violation" means failure to obey an applicable traffic law or regulations, including, without limitation, failure to obey a traffic signal, operating a motor vehicle in excess of the posted speed limit, and operating a motor vehicle without displaying a valid license plate.

"Operational Time" means the actual time that a Stationary Camera System is monitoring traffic.

"VIMS Analysis" is a statistical assessment of violations rates at suspected problem intersections and approaches to determine the need for a red light system.

**2. ATS AGREES TO PROVIDE:**

The scope of work identified in Exhibit "A."

**3. CUSTOMER AGREES TO PROVIDE:**

The scope of work identified in Exhibit "B."

**4. TERM AND TERMINATION:**

(a) **Term:** Although the contract shall be effective on the signature date above, the term of this Agreement shall be for five (5) years beginning on the date of the first issued and payable notice of a violation (the "Start Date") and may be automatically extended for two (2) additional two (2) year periods. Customer, by providing written notice at least 60 days prior to the fifth anniversary of the Start Date, may, at its sole discretion, extend the term of this Agreement for two additional two-year periods. Customer may terminate this Agreement at the expiration of any term by providing written notice of its intent not to extend the Agreement 120 days prior to the expiration of the current term.

**(b) Termination:**

This Agreement may be terminated at any time (1) by mutual consent of the parties; or (2) for cause, by either party where the other party fails in any material way to perform its obligations under this Agreement. Termination under this subsection is subject to the condition that the terminating party notifies the other party of its intent to terminate, stating with reasonable specificity the grounds therefore, and the other party fails to cure the default within thirty 30 days after receiving notice.

Upon 30 days written notice issued up to the first anniversary of the Start Date (the "Anniversary Date"), either party shall have the option to terminate this Agreement for convenience with no additional requirements or payments.

(c) **Upon expiration or termination** of this Agreement, the parties recognize that the Customer will have to process traffic law violations in the "pipeline," and that ATS accordingly must assist the Customer in this regard. Accordingly, the parties shall take the following actions, and shall have the following obligations, which survive expiration or termination during the wind-down period: The Customer shall cease using the Axis™ System, shall allow ATS to remove all equipment owned by ATS within a reasonable time not to exceed 30 days, and shall not generate further images to be processed. ATS shall be responsible for the removal, at its sole cost, of all equipment owned by ATS and for the return and restoration of the property to its prior condition. Unless directed by the Customer not to do so, ATS shall continue to process all images taken by the Customer before expiration or termination and provide all services associated with processing in accordance with this Agreement, and shall be entitled to all Fees specified in the Agreement as if the Agreement were still in effect.

**5. ASSIGNMENT**

Neither party may assign all or any portion of this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed; provided, however, The Customer hereby acknowledges and agrees that the execution (as outlined in Exhibit "D"), delivery and performance of ATS's rights pursuant to this Agreement shall require a significant investment by ATS, and that, in order to finance such investment, ATS may be required to enter

into certain agreements or arrangements ("Financing Transactions") with equipment lessors, banks, financial institutions or other similar persons or entities (each, a "Financial Institution" and collectively, "Financial Institutions"). The Customer hereby agrees that ATS shall have the right to assign, pledge, hypothecate or otherwise transfer ("Transfer") its rights, or any of them, under this Agreement to any Financial Institution in connection with any Financing Transaction between ATS and any such Financial Institution subject to the Customer's prior written approval, which approval shall not be unreasonably withheld or delayed. The Customer further acknowledges and agrees that in the event that ATS provides written notice to the Customer that it intends to Transfer all or any of ATS's rights pursuant to this Agreement, and in the event that the Customer fails to provide such approval or fails to object to such Transfer within forty-five (45) business days after its receipt of such notice from ATS, ATS shall be free to effect said Transfer.

## 6. FEES AND PAYMENT

Customer shall pay for all equipment, services and maintenance based on the pricing indicated in Exhibit "C."

On or before the 30th day of each month, the Customer shall pay all fees due ATS based upon invoices from the proceeding month. Late payments are subject to interest calculated at 1.5% per month on open balances.

During the First Year Pilot Program, ATS warrants that the Customer shall not be required to pay ATS more than Customer has collected in fines through the use of the Axis System. Customer shall pay the full amount of ATS invoices submitted during the first six months of the program. Any adjustments on either party's account will be made at the end of the 6th, 9th and 13th month following the Start Date of the First Year of the Agreement. Fee adjustments will only be made if the Customer collects less fine revenue during the First Year than the aggregate amount of ATS invoices billed to Customer during the First Year.

After the First Year and for each remaining year of the contract, Customer shall not be required to pay ATS more than Customer has collected and received in fines payments through the county courts as a result of the use of the Axis System cumulatively throughout the term of the contract. For the purposes of this clause, the term "fines" applies to that portion of fines actually retained by the Customer according to the distribution method applicable under California law.

This clause will be applied as follows:

If collections for the program during any month are less than the full amount of ATS invoices, ATS shall be entitled the full amount of fines actually collected. ATS will maintain an accounting of any net balances owed to ATS and shall apply future collections first to the accrued balance and then to the current months invoice. At any time that ATS fees and any accrued balances are fully repaid, additional collections will be retained by the Customer. Any positive revenue balances generated from this program (whether reserved in cash or not by the Customer) will be used to offset future ATS invoices in the event of monthly deficits. ATS will provide Customer with a written accounting on a quarterly basis of the revenues collected compared to the fees both billed and paid through the period subject to the accounting.

Example: If during Year 1 of the program, revenues minus ATS fees yield a net surplus of \$100,000, this amount would be available to pay ATS invoices for any future periods in the event that lesser or no revenue were to be generated in future periods. However, at the point where the (actual or paper) surplus is exhausted, then no additional payments would be due until additional

collected fines were available to cover the cumulative deficit. For the purposes of this clause, the accrued surplus is a calculated figure determined by subtracting ATS fees from program fines collected. The obligation to pay is not subject to the existence of cash reserves from the program, for example, if the Customer chooses to use or has used these surplus funds for any other uses.

If the cumulative downtime for any reason of any one camera exceeds seven (7) days in any one month, the monthly fee per camera as shown in Exhibit C shall be prorated and reduced to account for the actual downtime of that camera.

#### **7. FORCE MAJEURE**

The fees due to ATS will not be subject to proration pursuant to section 6, nor shall Customer be required to pay ATS the Fee described in Exhibit C, for any time a Stationary Camera System is non-operational due to a Force Majeure event defined as acts of God or of the public enemy, fire, storms, floods, tidal waves, earthquakes, strikes, labor disputes, and freight embargoes, provided that Customer and ATS notify the other in writing within fifteen days of a non-operational Stationary Camera System caused by a Force Majeure event.

#### **8. COMMUNICATION OF INFORMATION**

ATS agrees that all information obtained by ATS through operation of the Axis System shall be made available to the Customer at any time during ATS's normal working hours, excluding trade secrets and other confidential or proprietary information not reasonably necessary for the prosecution of citations or the fulfillment of Customer's obligation under this Agreement or under applicable laws.

#### **9. CONFIDENTIAL INFORMATION**

ATS and Customer shall keep all photographic records made by the Axis System confidential pursuant to California Vehicle Code 21455.6. Any other information given by ATS to Customer shall be kept confidential to the extent allowed by law. ATS shall not use any information acquired by this program with respect to any violations or the Customer's law enforcement activities for any purpose other than the program. ATS shall not release any records or information obtained under this Agreement except to Customer or in the manner Customer directs.

#### **10. OWNERSHIP OF SYSTEM**

It is understood by the Customer that the Axis System being installed by ATS is, and shall remain, the sole property of ATS, unless separately procured from ATS. The Axis System is being provided to Customer only under the terms and for the term of this Agreement.

#### **11. INDEMNIFICATION AND INSURANCE**

ATS shall indemnify, release, defend (with counsel reasonably satisfactory to Customer) and hold harmless Customer from and against all liability, cost, and expense resulting from ATS' failure to comply at all times with all federal, state and local laws, ordinances and regulations and maintenance procedures and manufacturer recommendations for operation of the Axis™ equipment which affect this Agreement. In addition, ATS shall indemnify, release, defend (with counsel reasonably satisfactory to Customer) and hold harmless Customer from and against all liability, cost, and expense for loss of, or damage to Property and any and all suits claims or actions arising out of any injury or injuries to, or death or deaths of, persons or property that may

occur, or that may be alleged to have occurred, from any cause or causes arising or resulting from ATS' performance under this Agreement. Provided, however, that the foregoing shall not apply to any claims for loss, damage, injury or liability caused solely by the gross negligence or willful misconduct on the part of Customer. ATS waives any and all rights to any type of express or implied indemnity against Customer arising out of ATS' performance under this Agreement. This indemnity shall survive the termination of this Agreement. If any term of this indemnity provision is found to be void or unenforceable, the remainder of the provision shall remain in full force and effect.

ATS shall maintain the following minimum scope and limits of insurance:

- (a) Commercial General Liability Insurance including coverage for bodily injury, property damage, premises and operations, products/completed operations, personal and advertising injury, and contractual liability with a combined single limit of \$2,000,000 per occurrence. Such insurance shall include the Customer, its officers, directors, employees, and elected officials as additional insured's for liability arising from ATS's operation.
- (b) Workers Compensation as required by applicable state law, and Employers' Liability insurance with limits of not less than \$1,000,000 each accident; ATS shall at all times maintain worker's compensation insurance coverage in the amounts required by law, but shall not be required to provide such coverage for any actual or statutory employee of Customer.
- (c) Comprehensive Business Automobile Liability Insurance for all owned, non-owned and hired automobiles and other vehicles used by ATS with a minimum \$1,000,000 per occurrence combined single limit bodily injury and property damage.

The Customer and its officers and employees, shall be named as additional insured on the comprehensive general liability policies provided by ATS under this Agreement. ATS shall require any subcontractors doing work under this Agreement to provide and maintain the same insurance, which insurance shall also name the Customer and its officers, employees, and authorized volunteers.

Certificates showing ATS is carrying the above described insurance, and evidencing the additional insured status specified above, shall be furnished to the Customer within thirty calendar days after the date on which this Agreement is made. Such certificates shall show that the Customer shall be notified of all cancellations of such insurance policies. ATS shall forthwith obtain substitute insurance in the event of a cancellation.

Inasmuch as the Customer is a body politic and corporate, the laws from which Customer derives its powers, insofar as the same law regulates the objects for which, or manner in which, or the concerns under which, the Customer may enter into this Agreement, shall be controlling and shall be incorporated by reference into this Agreement. The Customer shall be responsible for vehicle insurance coverage on any vehicles driven by Customer employees. Coverage will include liability and collision damage.

## 12. CORRESPONDENCE BETWEEN PARTIES

All notices required to be given under this Agreement shall be deemed given when mailed by first class mail, addressed to the proper party to the address set forth on the first page of this Agreement.

**13. STATE LAW TO APPLY**

This Agreement shall be construed under and in accordance with the laws of the State of California.

**14. ADDITIONAL SERVICES**

Additional systems and services may be added to this agreement by mutual consent of the parties in writing as an addendum to this agreement. All other terms and conditions shall remain the same.

**15. LEGAL CONSTRUCTION**

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

**16. PRIOR AGREEMENT SUSPENDED**

This Agreement constitutes the sole and only agreement of the parties and supersedes any prior understanding, written or oral, between the parties respecting the written subject matter.

**17. AMENDMENT**

No amendments, modifications, or alterations of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date of this Agreement and duly executed by the parties.

**18. NO AGENCY**

ATS is an independent contractor providing services to the Customer and the employees, agents and servants of ATS shall in no event be considered to be the employees, agents, or servants of the Customer. This contract is not intended to create an agency relationship between ATS and the Customer.

**19. TAXES**

In the event that any excise, sales or other taxes are due relating to this service contract, the Customer will be responsible for the payment of such taxes.

**20. NOTICES**

Any notices or demand which under the terms of this Agreement or under any statute must or may be given or made by ATS or Customer shall be in writing and shall be given or made by personal service, telegram, first class mail, FedEx, or by certified or registered mail to the parties at the following address:


Signature Page

The City of Millbrae  
621 Magnolia Ave  
Millbrae, CA 94030

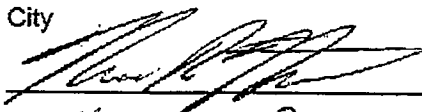
American Traffic Solutions, Inc.  
14861 N. Scottsdale Rd, Suite 109  
Scottsdale, AZ 85254

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date accepted by the Customer.

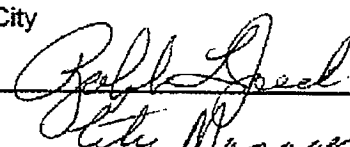
AMERICAN TRAFFIC SOLUTIONS, INC.

  
Adam E. Tuton, Executive Vice President

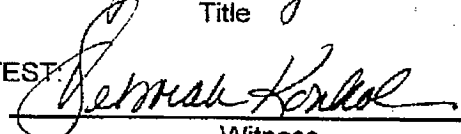
City

  
\_\_\_\_\_  
CHIEF OF POLICE  
Title

City

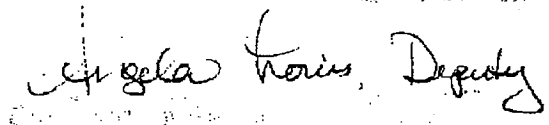
  
\_\_\_\_\_  
City Manager  
Title

ATTEST

  
\_\_\_\_\_  
Witness

I hereby certify this to be a full, true and correct copy of the document described above and the original is held by me in my office.

08/04/08

  
Angela Harris, Deputy

**Exhibit A**  
**ATS SCOPE OF WORK**

- 1) ATS will provide intersection violation analysis at the intersection approaches itemized in Exhibit D.
- 2) If a violation analysis confirms a minimum of 10 violations per day per approach and relevant and applicable engineering and design requirement permit, ATS will provide Axis™ RLC-300 Dual Stationary Red Light Camera Systems ("RLC-300" or "Dual Stationary Camera System:") in the quantities indicated on Exhibit "F";
  - i) ATS shall install, maintain, and keep operational a number of Stationary Camera Systems at locations to be mutually agreed by the parties as delineated in Exhibit E. Keeping the cameras operational includes incorporating any and all system upgrades that are necessary and appropriate and maintaining system security. The parties may agree from time to time to add, subtract or modify locations where the Stationary Camera Systems shall be installed and maintained. A Stationary Camera System installed at a location shall be in operation for a minimum of one year at that location, unless the parties agree otherwise in writing.
  - ii) Each Stationary Camera System shall operate on a 24-hour basis, except scheduled downtime for maintenance. Unless waived in writing by the Customer, such scheduled downtime shall in no event exceed 12 hours per month and shall be scheduled at the discretion of the Customer so as to minimize traffic blockage and maximize efficient operation of the System.
  - iii) ATS shall provide all necessary routine maintenance and cleaning of Stationary Camera Systems.
  - iv) Within 72 hours of notice of a non-operating Stationary Camera System, ATS shall restore the Stationary Camera System to operation, whether by repair or replacement.
- 3) ATS shall provide an automated, web-based citation processing program ("VPS") including image processing, mailing of a citation and a reminder notice, printing and mailing costs. Citation processing shall be conducted in a timely manner to comply with applicable statutes for filing citations. ATS shall deliver each citation shall be delivered by First Class mail to the registered owner within an agreed or statutory period.
- 4) The business processes shall be documented and agreed to between ATS and the Customer.
- 5) ATS will transmit an electronic file to the Customer's County Court System with periodic updates (typically daily) of all citation notices issued, and will update the status of all accounts based on disposition information provided by the Customer, indicating payments received or cases otherwise closed, dismissed or resolved.
- 6) ATS shall provide In-state vehicle registration information necessary to issue citations resulting from the Axis System assuming ATS is named as an agent and the State of California provides registration data to ATS on behalf of the Customer at no cost per record pursuant to Exhibit B (15).
- 7) ATS will provide Customer with on-line access to the VPS system which will enable retrieval and/or printing of at least one evidence package for each citation which is contested or requires a hearing. The evidence package typically includes a copy of the violation notice or a set of images with related documentation for each citation issued.
- 8) ATS will provide necessary and reasonable training for persons designated by the Customer as authorized to operate the System.
- 9) ATS will provide an expert witness as reasonably necessary to establish judicial notice, i.e. the accuracy, technical operations, and effectiveness of the Axis System for contested



citations. After establishment of judicial notice, the Customer may request the presence of an expert witness. After establishment of judicial notice, expert witness fees will be billed to the Customer on a time and expense basis.

- 10) ATS shall submit a monthly report to Customer detailing monthly Program results within fifteen business days of the end of each calendar month. The report shall include the following information:
  - i) Total number of violation events.
  - ii) Total number of actionable violation events.
  - iii) Total number of citations sent.
  - iv) Total citations paid.
  - v) Total amount of downtime per camera.
- 11) ATS shall submit such reports of ongoing operations as are required pursuant to Subparagraph i, above, or such other reports and documents as are mutually agreed upon between ATS and the Customer.
- 12) ATS agrees to commence the installation of the Stationary Camera Systems within 14 days of the City's issuance of a Notice to Proceed, indicating that the City has complied with all statutory requirements necessary as a precursor to the installation and use of the Stationary Camera System. (The date of issuance of the Notice to Proceed shall hereinafter be referred to as the "Approval Date").
- 13) ATS agrees to have all installation work completed and have the Stationary Camera Systems fully operational no later than 120 days from the Approval Date of each camera site. ATS shall be responsible for obtaining any and all permits that may be required from any federal, state or local jurisdiction and for complying with all applicable laws and regulations.
- 14) ATS will be authorized to use existing street furniture, poles, available conduit, and existing power for the purposes of installing and operating the Systems. ATS will submit to City, for review, plans and specifications for each camera installation.
- 15) The time schedule may be extended by reason of delay, changes, additions, deletions, or other reasons if approved by the Customer in writing, or without written approval by the Customer if the delay is caused by an event of Force Majeure.

**Exhibit B****Customer Scope of Work**

- 1) The Customer shall diligently prosecute each approved Citation;
- 2) The Customer will use the VPS on-line application to review each potential violation to determine which violations will be issued as citations. The VPS will apply an electronic signature to each approved citation, if desired.
- 3) Provide a judge or hearing officer and court facilities to schedule and hear disputed citations;
- 4) Provide customary fine collection services for all final dispositions.
- 5) Customer will transmit an electronic file to ATS from its County Court system with daily updates of all citation disposition information provided by the Customer indicating payments received or cases otherwise closed, dismissed or resolved. The one time, direct costs of ATS to develop the interface between the County Court system covered by ATS will be reimbursed to ATS from collected revenues from the Program once available.
- 6) Customer will provide a project manager with authority to execute Customer responsibilities under the Agreement.
- 7) Customer shall designate a primary municipal court contact to manage the court related aspects of the integration and operation.
- 8) Customer shall direct its departments to cooperate with ATS with respect to required systems integration and program implementation.
- 9) The Customer agrees to use due diligence in working with ATS to acquire in a timely manner the necessary permits under its control (e.g., but not limited to, an encroachment permit), approvals and other necessary documentation, from the Customer (and the State, if necessary and if possible) to enable the Axis System installation after the submission of the plans.
- 10) Customer shall provide municipal site construction permits at no cost to ATS.
- 11) Customer shall provide power from existing power sources at no cost and shall allow or facilitate access to traffic signal phase connections to a pull box, pole base, or controller cabinet nearest to each Stationary Camera within the Customer's jurisdiction. The costs of any additional conduit needed to support installation of the Stationary Camera shall be split equally by the Customer and ATS and shall be paid out of collected revenue.
- 12) If Customer elects to move a Dual Stationary Camera System to a new approach, without a mutual agreement, Customer shall pay related relocation costs.
- 13) If Customer-owned telecommunications lines or WiFi networks are present at or near the camera installation site(s), ATS shall be allowed to use such infrastructure for data transmission. If such lines or networks are not available, ATS will provide the infrastructure required for the installation. ATS shall work with the City's IT department to ensure data security is maintained.
- 14) In those instances where damage to the Stationary Camera Systems or sensors is caused by the Customer or its authorized agent due to scheduled or unscheduled road construction or repair, ATS will provide an estimate of the cost of repair. Upon authorization to proceed with the repairs or replacement, ATS shall replace or repair any damaged equipment and invoice for pre-approved repair cost.
- 15) The Customer shall provide a letter for the Violation Processing subcontractor to use with the State Department of Motor Vehicles indicating that the ATS is acting as an Agent of the Customer for the purposes of accessing vehicle ownership data pursuant to the list of

permissible uses delineated in the Drivers Privacy Protection Act 18 U.S.C. § 2721, Section (b) (1).

- 16) Customer shall work with the San Mateo County Court to facilitate timely and efficient integration of citation data into the Customer's court system.

**Exhibit C**

**Project Service Fees – Dual Stationary Camera System**

The Customer agrees to pay ATS the Fee(s) as itemized below:

**Monthly Service Fee per Intersection Approach**

Cost Element	Monthly fee
Axis RLC-300 Red Light Camera System monitoring front and rear images up to 4 lanes, image processing, data entry, In State registered owner acquisition, final quality control review, access to web-based Axis VPS for Police Review, 1 <sup>st</sup> notice printing in color, postage and mailing, electronic notice file transmission to court system, evidence packages for scheduled hearings. (Full description in Exhibit A.)	\$5,200.00
<b>Option A</b> – Axis LIVE digital video system for monitoring 1 direction of travel at one intersection.	\$195.00
<b>Option B</b> – Axis LIVE digital video system for monitoring each additional direction of travel at one intersection.	\$95.00
<b>Other Optional Services</b>	
<b>Option C</b> – Axis E-Payment Portal for Web-based payments – online access convenience fee charged to user.	\$0
<b>Option D</b> – Identifying out-of-state registered owners and mailing violation notices: \$3.00 per mailed citation except for AZ and NJ which is \$7.00 (State access charges)	On use only

**Exhibit D  
Acknowledgement and Consent**

This Acknowledgement and Consent, dated as of June 19, 2006, is entered into by and between the City of Millbrae (the "Customer") and American Traffic Solutions, Inc., a Kansas corporation ("ATS"), with reference to the Professional Services Agreement dated as of June 19, 2006, by and between the City and ATS (the "Agreement").

1. ATS has entered into a Credit Agreement, dated as of September 22, 2005 (the "Harris-ATS Credit Agreement"), with Harris N.A. (the "Bank"), pursuant to which the Bank has provided certain working capital credit facilities to ATS. Such credit facilities will provide ATS the working capital that it needs to perform its obligations to the Customer under the Agreement.

2. Pursuant to the Harris-ATS Credit Agreement, ATS has granted Harris a security interest in all of ATS's personal property as collateral for the payment and performance of ATS's obligations to the Bank under the Harris-ATS Credit Agreement. Such security interest applies to and covers all of ATS's contract rights, including, without limitation, all of ATS's rights and interests under the Agreement.

3. ATS will not, by virtue of the Harris-ATS Credit Agreement, be relieved of any liability or obligation under the Agreement, and the Bank has not assumed any liability or obligation of ATS under the Agreement.

4. The Customer hereby acknowledges notice of, and consents to, ATS's grant of such security interest in favor of the Bank in all of ATS's rights and interests under the Agreement pursuant to the Harris-ATS Credit Agreement.

5. All payments due and to become due to ATS pursuant to the Agreement shall continue to be paid directly to ATS, unless and until the Bank notifies the Customer in writing to do otherwise. If the Bank so notifies the Customer, the Customer will immediately cease making such payments and distributions to ATS and will as soon as possible, but in any event within 5 days after receiving such notice, remit all such payments directly to the Bank at 111 West Monroe Street, Chicago, Illinois 60603. ATS agrees that any such payment to the Bank shall be a good receipt and acquittance as against it — that is to say, the Customer should make the payment directly to the Bank and in so doing, the Customer discharges any liability to ATS for that payment, and the Customer shall have no Obligation to ATS to investigate whether the Bank has any right to make such a direction.

6. The Customer further acknowledges and agrees that this Acknowledgement and Consent shall be binding upon the Customer and shall inure to the benefit of the successors and assigns of the Bank and to any replacement lender which refinances ATS's obligations to the Bank under the Harris-ATS Credit Agreement.

In Witness Whereof, the Customer and ATS have caused this Acknowledgement and Consent to be executed by their respective duly authorized and elected officers as of the date first above written.

The Customer:

ATS:

City of Millbrae

American Traffic Solutions, Inc., a Kansas corporation

By: [Signature]

By: [Signature]

Name: RALPH L. JAZEK

Name: Adam E. Tuton

Title: CITY MANAGER

Title: Executive Vice President

**Exhibit E  
Initial Dual Camera System Locations**

The sites where the Dual Stationary Camera Systems are approved to be initially installed after a careful analysis by the Customer Police, the Traffic Engineering Department and ATS engineers. Based on that analysis, the Customer has determined that each of these intersections have a high incidence of intersection collisions, there is an extreme difficulty in identifying violators, and that other traffic light changes/modifications would be ineffective in resolving these problems. Accordingly, the Customer determined that photo enforcement was the best solution to the dangers posed by these intersections.

The Customer approves that ATS install Dual Stationary Camera Systems at the following intersection(s) and to monitor the identified lanes:

Camera Location or Intersection Approach
EI Camino (south) & Millbrae (west)
Millbrae & Rollins (all four directions)

I hereby certify this to be a full, true and correct copy of the document it purports to be, the original of which is on file in my office.

Dated: 08/04/08

*Anela Peris, Deputy*  
City Clerk of the City of Millbrae