

**ASSUMPTION AGREEMENT**  
**RELATING TO**  
**TRAFFIC SIGNAL VIOLATION VIDEO-ENFORCEMENT SYSTEM LEASE**  
**&**  
**SERVICES AGREEMENT**

This Assumption Agreement is entered into effective the 7<sup>th</sup> day of October, 2009, by and among the **CITY OF SAN JUAN CAPISTRANO**, a California municipal corporation ("City"), and **AMERICAN TRAFFIC SOLUTIONS, INC.**, a Kansas Corporation ("ATS").

**RECITALS**

A. City entered into an agreement dated June 29, 2007 with Nestor Traffic Systems, Inc., a Delaware Corporation ("Nestor"), entitled Traffic Signal Violation Video-Enforcement System Lease & Services Agreement (the "Agreement"), for the installation, and assistance in administration and operation of a traffic signal violation detection system ("System").

B. On February 2, 2009, City and Nestor entered into an agreement amendment, which suspended Section 4.6 of the Agreement pertaining to cost neutrality consistent with the Judgment on Appeal from the Superior Court, County of Orange, issued November 21, 2008 in Case No. 30-2008-93057 involving the City of Fullerton's automated enforcement system (the "Amendment").

C. On June 4, 2009, Nestor entered into receivership proceedings in the State of Rhode Island.

D. On September 10, 2009, ATS acquired all of Nestor's business relating to the Agreement and System.

E. Section 9.1 of the Agreement authorizes Nestor to assign, and a third party to acquire, all or substantially all of Nestor's business relating to the System.

F. Pursuant to the Agreement, ATS wishes to assume all rights, responsibilities and liabilities in the Agreement as amended pursuant to the Amendment.

G. Accordingly, City and ATS desire to clarify, affirm, and acknowledge their respective rights and obligations under the terms of the Agreement as amended.

**AGREEMENT**

1. ATS hereby assumes, and City hereby acknowledges ATS' assumption of, all of the rights and obligations of Nestor which ATS specifically accepted/acquired in ATS' acquisition of Nestor (but excluding those which ATS did not accept) pursuant to the terms of the Agreement as amended by the Amendment. ATS hereby expressly and unconditionally agrees to perform and fulfill, from and after the effective date, all the duties, terms, covenants, conditions and obligations required to be fulfilled and performed by Nestor under the Agreement as amended by the Amendment.

2. City hereby consents to ATS' assumption of the Agreement, provided that said consent shall not be construed to release, waive, or otherwise compromise obligations under the Agreement and applicable law which ATS specifically accepted/acquired in ATS' acquisition of Nestor (but excluding those which ATS did not accept), or any violations thereof, whether known or unknown by City, or for any subsequent performance of the Agreement by ATS.

3. Except as modified in this Assumption Agreement, the terms and conditions of the Agreement shall remain in full force and effect.

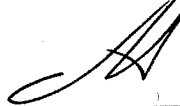
4. This Assumption Agreement may be executed in multiple counterparts (each of which is to be deemed an original for all purposes).

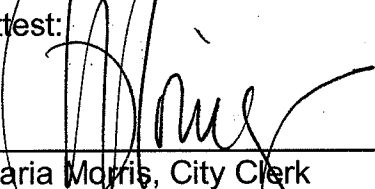
IN WITNESS WHEREOF, the parties have executed and delivered this Assumption Agreement as of the day and year first above written.

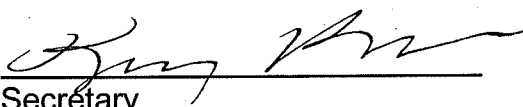
**CITY OF SAN JUAN CAPISTRANO**


**AMERICAN TRAFFIC SOLUTIONS, INC.**

  
\_\_\_\_\_  
Joe Tait, City Manager

  
\_\_\_\_\_  
Adam Tuton, Exec. VP and COO

Attest:  
  
\_\_\_\_\_  
Maria Morris, City Clerk

Attest:  
  
\_\_\_\_\_  
Secretary

Approved as to form:  
  
\_\_\_\_\_  
Omar Sandoval, City Attorney