

EXCLUSIVE AGREEMENT BETWEEN THE CITY OF SOUTH GATE, IN THE
COUNTY OF LOS ANGELES , CA
AND REDFLEX TRAFFIC SYSTEMS, INC. FOR
PHOTO RED LIGHT ENFORCEMENT PROGRAM

This Agreement (this "Agreement") is made as of this 26th day of August, 2008 by and between Redflex Traffic Systems, Inc. with offices at 15020 N. 74th Street, Scottsdale, Arizona, 85260 ("Redflex"), and The City of South Gate a municipal corporation, with offices at 8650, California Ave, South Gate, California 90280 (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

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 Existing Designated Intersection:

Tier 1: Free of Charge per system per month as full remuneration for the continued services at the following approaches:

Firestone and Garfield, Westbound
Imperial and Garfield, Eastbound

Note: Where improvements to capture additional lanes are added to any of the above approaches the Fixed Fee Price will automatically convert to Tier 2.

Tier 2: \$3,300.00 per system, per month as full remuneration for the continued services at the following approaches:

Atlantic and Tweedy, Northbound
Atlantic and Tweedy, Southbound
California and Tweedy, Northbound
California and Tweedy, Southbound
Firestone and Atlantic, Eastbound
Firestone and Atlantic, Westbound
Firestone and Garfield, Eastbound
Firestone and California Ave, Eastbound
Firestone and California Ave, Westbound
Garfield and Southern, Northbound
Garfield and Southern, Southbound
Imperial and Garfield, Westbound

Tier 3 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.

Mobile Photo Speed System Component (Optional)

Upon enabling legislation in the State of California that authorizes the city to enact Photo Speed Enforcement Redflex will provide a price for the provision of this service to the city. Upon acceptance of the pricing city will issue a Notice to Proceed to Redflex.

BUSINESS ASSUMPTIONS FOR ALL PRICING OPTIONS:

1. Redflex construction will be able to utilize existing conduit for installation where space is available.
2. 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.
3. The provision of all necessary communication, broadband and telephone services to the Designated Intersection Approaches will be the sole responsibility of Redflex
4. The on-going supply of DSL or cable services to the Designated Intersections will be the sole responsibility of the Redflex.
5. The on-going provision of any and all necessary electrical power to the Designated Intersection Approaches will be the sole responsibility of the Customer.
6. The Customer shall be solely responsible for installing required signage. Customer 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 California Vehicle Code.
7. Roadway/Intersection improvement projects: Should removal and/or reinstallation be required due to roadwork at an enforced site Redflex shall be responsible for removal and relocation of the Red Light Camera System. Redflex will relocate its facilities within sixty days of notification. Redflex shall register as a member of Underground Service Alert (commonly referred to as Dig Alert) to ensure that Redflex personnel accurately mark the location of subsurface installations prior to any city excavation.
8. If a system is deactivated at the Customer's request due to roadway construction, the **monthly fee will not continue.**