



FIRST AMENDMENT TO EXCLUSIVE AGREEMENT BETWEEN THE CITY OF VICTORVILLE AND REDFLEX TRAFFIC SYSTEMS, INC. FOR PHOTO RED LIGHT ENFORCEMENT PROGRAM

This First Amendment (the "First Amendment") is executed this 30th day of June, 2010 by and between Redflex Traffic Systems, Inc. with offices at 23751 N. 23rd Avenue, Suite 150, Phoenix, AZ 85085-1854 ("Redflex"), and the City of Victorville a municipal corporation (the "City"). The City and Redflex are sometimes referred to individually as a "Party" or collectively as the "Parties". The City is also sometimes herein referred to as "Customer".

RECITALS

WHEREAS, Redflex and the City previously entered into an Exclusive Agreement between the City of Victorville and Redflex Traffic Systems, Inc. for Photo Red Light Enforcement Program dated October 3, 2007 (the "Agreement"), to provide automated red light photo enforcement in the City of Victorville; and,

WHEREAS, Redflex and the City mutually agree to amend certain terms of the 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:

1. Extend the term of the Agreement for a period of five (5) years from the execution date of this First Amendment (The "First Amended Term"). The City shall have the exclusive right and option to extend the term of this Agreement for up to two (2) additional consecutive two (2) year periods following the expiration of the First Amendment Term. The City has the right not to extend this Agreement by providing written notice to Redflex not less than thirty (30) days prior to any term expiration date
2. The parties agree to modify the Agreement with respect to the terms set forth in Exhibit D, "COMPENSATION AND PRICING" as amended herein.

AGREEMENT

1. **TERM.** Paragraph 2 of the Agreement entitled “TERM” is amended as follows:

The first sentence of this Paragraph is deleted and replaced with the following:

The term of this Agreement shall commence as of the executed date hereof and shall continue for a period of five (5) years from the executed date of First Amendment. The City shall have the exclusive right to extend the term of this Agreement for up to two (2) additional consecutive two (2) year periods following the expiration of the First Amendment Term. The City has the right not to extend this Agreement by providing written notice to Redflex not less than thirty (30) days prior to any term expiration date.

2. **EXHIBIT “D”, COMPENSATION AND PRICING.**

The first Section of Exhibit “D” is amended as follows:

1. Commencing on the execution of this First Amendment City shall be obligated to pay Redflex a fixed fee of \$6000.00 for the continued services at the following ten (10) approaches:

Bear Valley Road and Amargosa Road S/B
Bear Valley Road and Amargosa Road W/B
Bear Valley Road and Hesperia Road – S/B
Bear Valley Road and Hesperia Road – W/B
Bear Valley Road and Industrial – E/B
Mariposa Rd and Bear Valley Road – W/B
Seventh Street and Green Tree Blvd – W/B
Silica Road and Hesperia Road – S/B
D Street and 7th Street – E/B
D Street and 7th Street – S/B

Upon execution of this First Amendment, replacement of FMS Sensors at the above locations with Induction Loop Sensors will be completed at no cost to the City.

Exhibit “D” is further amended by adding the following:

City Operating Costs

Any gross cash receipts received by the City through the collection of red light citation fees by the San Bernardino County Superior Court (“County”) may first take into consideration an allowance for the City’s monthly program operating costs which is hereby established at \$10,000 per month. In order to ensure cost neutrality to the City , City shall be permitted to first deduct its monthly City Operating Costs before payment of monthly Redflex Invoices from the gross cash receipts received from the County. The deduction of City Operating Costs is not an invoice credit and such monthly City Operating Costs shall be added into amounts owed on monthly Redflex invoices. The total amount of City Operating Costs is subject to Cost Neutrality principles as outlined in this Exhibit “D”. In the event that an invoice balance remains unpaid due to a deficit in gross cash received by the City compared to the invoiced amount, City will provide Redflex, along with invoice payments, an accounting of such amounts supporting non payment of full invoice amounts along with remaining balances including City Operating Costs.

Example:

Month 1

Gross Revenue to City for month	\$80,000
Less Operating Cost	\$10,000
Balance	\$70,000
Redflex Invoice for month 1	\$96,000
Payment to Redflex	\$70,000

Check to Redflex for \$70,000 with accounting as above. Remaining balance of \$26,000 carried forward under Cost Neutrality provisions.

Month 2

Gross Revenue to City for month	\$132,000
Less City Operating Cost	\$10,000
Balance	\$122,000
Redflex Invoice month 2	\$96,000
Balance unpaid month 1	\$26,000
Total Outstanding	\$122,000
Payment to Redflex	\$122,000

Check to Redflex for \$122,000 with accounting as above. No remaining balance to carry forward this month under Cost Neutrality provisions.

Removal of Designated Approaches

Commencing on the execution of this First Amendment to the Agreement, City shall be obligated to pay Redflex a fixed fee of \$6000.00 per month for the continued services at the following six (6) approaches through June 30, 2010, after which time the systems will be turned off and removed at the request of the City. The removal of these systems is a onetime request and does not infer that Redflex will agree to removal of further systems at the request of the City.

- Bear Valley Road and Industrial Blvd - S/B
- Bear Valley Road and 7th Street – W/B
- La Paz Road and 7th Street – S/B
- La Paz Road and 7th Street – E/B
- Palmdale Road and Amargosa Road – E/B
- Palmdale Road and Park Avenue – W/B

Commencing at that time, City shall be obligated to pay Redflex the costs to remove and return the above approaches to original condition and are identified as “removal costs”. The cost to remove each of the above identified approaches and restore the sites to substantially the same condition said identified approaches were in prior to their installation are estimated to be etween \$4,000 - \$4,500. Actual cost of removal is dependent upon the design of each Intersection Approach and will vary, but in no event shall said amount exceed \$4,500 per Intersection Approach. The removal costs will be provided to the City upon completion of the work.

The City is obligated to pay Redflex the unamortized balance of construction costs for the approaches listed below and identified as “Reimbursable Costs” for each of the systems removed at the request of the city.. Said Reimbursable Costs for the identified locations advised to Redflex are as follows:

Bear Valley Road and Industrial Blvd - S/B	\$16,204.58
Bear Valley Road and 7 th Street – W/B	\$26,006.88
La Paz Road and 7 th Street – S/B	\$21,751.40
La Paz Road and 7 th Street – E/B	\$21,751.40
Palmdale Road and Amargosa Road – E/B	\$30,977.97
Palmdale Road and Park Avenue – W/B	\$29,595.08
(Total: \$146,287.31)	

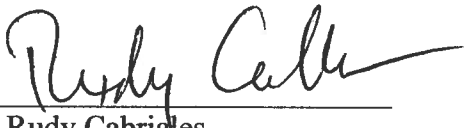
Said “Removal Costs” and “Reimbursable Costs” are not covered under the Cost Neutrality provisions of the contract and are to be paid irrespective of the program performance. Removal Fees and Reimbursable Costs will be invoiced separately from the active Red Light Photo Enforcement Program. Payment of the Removal Costs and the Reimbursable Costs shall be amortized over the remainder of the new term amended by this First Amendment. Should the City terminate the Agreement before the identified end of the Term, the City shall be liable for the remainder of the unamortized amount identified above.

3. Section 6.2 "TERMINATION FOR CONVENIENCE" which option has passed the one year period after initial installation, is no longer enforceable and is to be deleted.

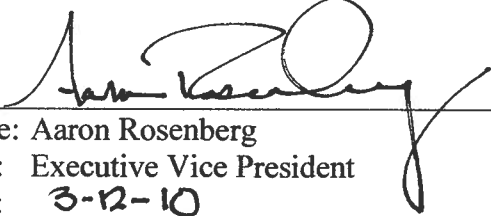
4. **EXCEPT AS AMENDED IN THIS FIRST AMENDMENT**, all other provisions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the day and year first set forth above.

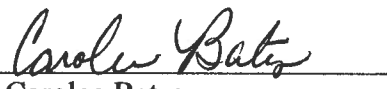
"Customer"
CITY OF VICTORVILLE

By: 
Name: Rudy Cabriaes
Title: Mayor
Date: 3-17-10


"Redflex"
REDFLEX TRAFFIC SYSTEMS, INC.

BY: 
Name: Aaron Rosenberg
Title: Executive Vice President
Date: 3-12-10

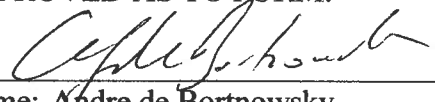
ATTEST:

By: 
Name: Carolee Bates
City Clerk

APPROVED:

By: 
Name: Chuck Buquet
Title: Risk Manager
Date: 3/16/10

APPROVED AS TO FORM:

By: 
Name: Andre de Bortnowsky
Title: City Attorney
Date: 3/17/10