EXCLUSIVE AGREEMENT BETWEEN THE CITY OF DALY CITY
AND REDFLEX TRAFFIC SYSTEMS, INC. FOR
PHOTO RED LIGHT ENFORCEMENT PROGRAM

This Agreement (this "Agreement") is entered into as of this 9TH day of December 2019 by and between Redflex Traffic Systems, Inc., a Delaware Corporation ("Redflex "), and The City of Daly City, a municipal corporation, with offices at 333 90th Street, Daly City, CA 94015 (the "Customer" and/or the "City") (Individually each a "Party" and, collectively, the "Parties"). The effective date of this Agreement is January 5, 2020 ("Effective Date")

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, on or about May 11, 2007, the Parties entered into the Exclusive Agreement between the City of Daly City and Redflex Traffic Systems, Inc. for Photo Red Light Enforcement Program for Redflex to provide certain photo enforcement services within the City ("2007 Agreement"); and

WHEREAS, the 2007 Agreement was amended in October 2007 and January 2013 (each and "Amendment"), and is set to expire on January 4, 2020 (the 2007 Agreement together with the Amendments, collectively, the "Original Agreement"); and

WHEREAS, the Customer desires to continue to engage the services of Redflex to provide certain equipment, processes and back office services, including Upgrades as defined herein, so that sworn peace officers 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; and

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 capitalized below shall have the following meanings:
   1.1. "Alcyon® System" means the proprietary back-office processes of Redflex relating to the Program.
   1.2. "Authorized Officer" means the Police 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, and in any event, a sworn peace officer or a qualified employee of the Police Department

1.3. "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 Officer by using the Redflex System.

1.4. "Business Rules" means the set of rules, guidelines, structures and methods of operation that define specific operational components of the Program.

1.5. "Citation" means the notice of a Violation, which is mailed or otherwise delivered by Redflex on behalf of the City to the violator on the appropriate Enforcement Documentation in respect of each Authorized Violation.

1.6. "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 disclosure of which could be detrimental to such Person, including but not limited to:

1.6.1. Matters of a business nature, including but not limited to information relating to development plans, costs, finances, marketing plans, data, procedures, business opportunities, marketing methods, plans and strategies, the costs of construction, installation, materials or components, the prices such Person obtains or has obtained from its clients or customers, or at which such Person sells or has sold its services; and

1.6.2. Matters of a technical nature, including but not limited to product information, trade secrets, know-how, formulae, innovations, inventions, devices, discoveries, techniques, formats, processes, methods, specifications, designs, patterns, schematics, data, access or security codes, compilations of information, test results and research and development projects. For purposes of this Agreement, the term "'trade secrets" shall mean the broadest and most inclusive interpretation of trade secrets.

1.6.3. Notwithstanding the foregoing, Confidential Information will not include information that: (i) was generally available to the public or otherwise part of the public domain at the time of its disclosure, (ii) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission by any Party hereto in breach of this Agreement, (iii) was subsequently lawfully disclosed to the disclosing Party by a person other than a Party hereto, (iv) was required by a court of competent jurisdiction to be disclosed, or (v) was required by applicable state law to be disclosed.

1.7. "Designated Intersection Approaches" means the Intersection Approaches set forth on Exhibit A attached hereto, and such additional Intersection Approaches as Redflex and the Customer shall mutually agree from time to time.

1.8. "Electronic Signature" means the method through which the Authorized Officer indicates his or her approval of the issuance of a Citation in respect of a Potential Violation using the Redflex System.

1.9. "Enforcement Documentation" means the necessary and appropriate documentation related to the Photo Red Light Enforcement Program, including but not limited to

warning letters, citation notices (using the specifications of the applicable court(s) and the City, a numbering sequence for use on all citation notices (in accordance with applicable court rules), instructions to accompany each issued Citation (including in such instructions a description of basic court procedures, payment options and information regarding the viewing of images and data collected by the Redflex System), chain of custody records, criteria regarding operational policies for processing Citations (including with respect to coordinating with the Department of Motor Vehicles), and technical support documentation for applicable court and judicial officers .

1.10. "Equipment" means any and all cameras, sensors, equipment, components, products, software and other tangible and intangible property relating to the Redflex Photo Red Light System(s), including but not limited to all camera systems, housings, radar units, severs, poles and Upgrades.

1.11. "Fine" means a monetary sum assessed for a Citation, including but not limited to bail forfeitures, but excluding suspended fines.

1.12. "Governmental Authority" means any domestic or foreign government, governmental authority, court, tribunal, agency or other regulatory, administrative or judicial agency, commission or organization, and any subdivision, branch or department of any of the foregoing.

1.13. "Intellectual Property" means, with respect to any Person, any and all now known or hereafter known tangible and intangible (a) rights associated with works of authorship throughout the world, including but not limited to copyrights, moral rights and mask-works, (b) trademark and trade name rights and similar rights, (c) trade secrets rights, (d) patents, designs, algorithms and other intellectual or industrial property rights, (e) all other intellectual and industrial property rights (of every kind and nature throughout the universe and however designated), whether arising by operation of law, contract, license, or otherwise, and (f) all registrations, initial applications, renewals, extensions, continuations, divisions or reissues hereof now or hereafter in force (including any rights in any of the foregoing), of such Person.

1.14. "Intersection Approach" means a conduit of travel with up to four (4) contiguous lanes from the curb (e.g., northbound, southbound, eastbound or westbound) on which at least one (1) system has been installed by Redflex for the purposes of facilitating the Program by the Customer.

1.15. "Lost Profits" means profits that would have been received by a Party had the other Party fully performed this Agreement, including, but not limited to (a) revenues that would have been received by Customer on account of Citations that might have been issued during periods in which the Redflex System was not functioning properly, and (b) amounts that must be refunded or disgorged by Customer due to Fines collected as a result of an improper or invalidly issued Citation.

1.16. "Operational Period" means the period of time during the Term during which the Photo Red Light Enforcement Program is functional in order to permit the identification and prosecution of Violations at the Designated Intersection Approaches by a sworn peace officer of the Customer and the issuance of Citations for such approved Violations using the Redflex System.

1.17. "Person" means a natural individual, company, Governmental Authority, partnership, firm, corporation, legal entity or other business association.

1.18. "Police Project Manager" means the project manager appointed by the Customer in accordance with this Agreement, which shall be a sworn peace officer and shall be responsible for overseeing the installation of the Upgrades and the implementation of the Redlight Photo Enforcement Program, and which manager shall have the power and authority to make management decisions relating to the Customer's obligations pursuant to this Agreement, including but not limited to change order authorizations, subject to any limitations set forth in the Customer's charter or other organizational documents of the Customer or by the city council or other governing body of the Customer.

1.19. "Potential Violation" means, with respect to any motor vehicle passing through a Designated Intersection Approach, the data collected by the Redflex System with respect to such motor vehicle, which data shall be processed by the Redflex System for the purposes of allowing the Authorized Officer to review such data and determine whether a Red Light Violation has occurred.

1.20. "Proprietary Property " means, with respect to any Person, any written or tangible property owned or used by such Person in connection with such Person's business, whether or not such property is copyrightable or also qualifies as Confidential Information, including without limitation products, samples, equipment, files, lists, books, notebooks, records, documents, memoranda, reports, patterns, schematics, compilations, designs, drawings, data, test results, contracts, agreements, literature, correspondence, spread sheets, computer programs and software, computer print outs, other written and graphic records and the like, whether originals, copies, duplicates or summaries thereof, affecting or relating to the business of such Person, financial statements, budgets, projections and invoices.

1.21. "Records Retention" means the period of time that the City requires Redflex to retain confidential information in compliance with all laws, including photographic evidence and data associated with the Program.

1.22. "REDFLEXradar®" means the detection and tracking system of Redflex relating to the Program.

1.23. "Halo Camera System" means the proprietary digital red light photo enforcement system of Redflex.

1.24. "Redflex Marks" means all trademarks registered in the name of Redflex or any of its affiliates, such other trademarks as are used by Redflex or any of its affiliates on or in relation to the Program at any time during the Term this Agreement, service marks, trade names, logos, brands and other marks owned by Redflex, and all modifications or adaptations of any of the foregoing.

1.25. "Redflex Project Manager" means the project manager appointed by Redflex in accordance with this Agreement, who shall be responsible for overseeing the construction and installation of the Upgradesand the implementation of the Photo Red Light Enforcement Program, and who shall have the power and authority to make day-to-day management decisions relating to Redflex's obligations pursuant to this Agreement; provided, however, the Redflex Project Manager does not have authority to authorize change orders without additional Redflex approvals.

1.26. "Redflex System" or "Photo Red Light System" are interchangeable and mean, collectively, the SmartCam® System, the Alycon® System, the Redlight Photo Enforcement Program, and all of the other equipment, applications, back office

processes and digital red light traffic enforcement cameras, sensors, components, products, software, hardware, servers, off-site backup systems, and other tangible and intangible property relating thereto to enable Redflex to enforce a minimum of one (1) lane of travel at a designated location.

1.27. "Redflex Program" or "Photo Red Light Enforcement Program" or "Program" are interchangeable and mean the process by which the monitoring, identification and enforcement of Violations is facilitated by the use of certain equipment, applications and back office processes of Redflex, including but not limited to cameras, flashes, central processing units, signal controller interfaces and detectors (whether loop, radar or video loop) which, collectively, are capable of detecting Violations and recording such Violation Data in the form of photographic images of motor vehicles.

1.28. "Violation Criteria" or "Photo Redlight Violation Criteria" are interchangeable and mean the standards and criteria by which Potential Violations will be evaluated by sworn peace officers of the Customer, which standards and criteria shall include, but are not limited to, the duration of time that a traffic light must remain red prior to a Violation being deemed to have occurred, and the location(s) in an intersection which a motor vehicle must pass during a red light signal prior to being deemed to have committed a Violation, all of which shall be in compliance with all applicable laws, rules and regulations of Governmental Authorities. Should physical criteria change which requires additional modification to the Program or its detection equipment, any costs incurred in connection with such modifications shall be the responsibility of the Customer."SmartCam® System" means the proprietary digital red light photo enforcement system of Redflex relating to the Photo Red Light Enforcement Program.

1.29. "SMARTcam® System" means the proprietary software system that controls the systems of Redflex relating to automated enforcement.

1.30. "SmartScene™ System" means the proprietary digital video camera unit, hardware and software required for providing supplemental violation data.

1.31. "Traffic Signal Controller Boxes" means the signal controller interface and detector, including but not limited to the radar or video loop, as the case may be.

1.32. "Upgrade" " means the technological improvements, as expressly outlined in this Agreement, to the Equipment installed at the Existing Approaches. Such technological improvements include new rear Halo Camera Systems with 45MP cameras and LED flash integrated with the City's existing front camera systems, high definition streaming video, Alcyon® back office software and mutually agreed upon alternative solutions.

1.33. "Violation" means any traffic violation contrary to the terms of the Vehicle Code or any applicable rule, regulation or law of any other Governmental Authority, including but not limited to operating a motor vehicle contrary to traffic signals, and operating a motor vehicle without displaying a valid license plate or registration.

1.34. "Violations Data" means the images and other Violations data gathered by the Redflex System at the Designated Intersection Approaches.

2. ***TERM***

2.1. The term of this Agreement shall commence on the Effective Date and shall

continue for a period of five (5) years (the "Initial Term"). The Customer shall have the right, but not the obligation, to extend the term of this Agreement for up to two (2) additional consecutive and automatic one (1) year periods following the expiration of the Initial Term (each, a "Renewal Term" and collectively with the Initial Term, the "Term"). Each Renewal Term shall automatically and without any required notice or action be deemed to have been exercised unless the City provides written notice to Redflex in accordance with Section 10 of its election not to extend not less than thirty (30) days prior to the last day of the Initial Term or the Renewal Term, as the case may be.

2.2. Notwithstanding anything to the contrary, the terms and conditions of the Original Agreement shall continue in full force and effect through the remainder of the Term set forth in the Original Agreement and shall expire at 11:59 pm on January 4, 2020 without any further notice or action of either Party.

3. ***SERVICES.*** Redflex shall provide the Photo Red Light Enforcement Program to the Customer, in each case in accordance with the terms and provisions set forth in this Agreement.

3.1. UPGRADES With respect to the construction and installation of the Upgrades , the Customer and Redflex shall have the respective rights and obligations set forth on Exhibit B attached hereto.

3.2. MAINTENANCE. With respect to the maintenance of the Redflex System at the Designated Intersection Approaches, the Customer and Redflex shall have the respective rights and obligations set forth on Exhibit C.

3.3. VIOLATION PROCESSING. During the Term, Violations shall be processed as follows:

3.3.1. All Violations Data shall be stored on the Redflex System;

3.3.2. The Redflex System shall process Violations Data gathered from the Designated Intersection Approaches into a format capable of review by the Authorized Officer via the Redflex System;

3.3.3. The Redflex System shall be accessible by the Authorized Officer through a secure and encrypted connection by use of a confidential user account on a computer equipped with a high-speed internet connection and an approved web browser;

3.3.4. Redflex shall provide the Authorized Officer with access to the Redflex System for the purposes of reviewing the pre-processed Violations Data within seven (7) days of the gathering of the Violation Data from the applicable Designated Intersection Approaches

3.3.5. The Customer shall cause the Authorized Officer to review the Violations Data and to determine whether a citation shall be issued with respect to each Potential Violation captured within such Violation Data, and transmit each such determination in the form of an Electronic Signature to Redflex using the software or other applications or procedures provided by Redflex on the Redflex System for such purpose. REDFLEX HEREBY ACKNOWLEDGES AND AGREES THAT THE DECISION TO ISSUE A CITATION SHALL BE THE SOLE, UNILATERAL AND EXCLUSIVE DECISION OF THE

AUTHORIZED OFFICER AND SHALL BE MADE IN SUCH AUTHORIZED OFFICER'S SOLE DISCRETION (A "CITATION DECISION"), AND IN NO EVENT SHALL REDFLEX HAVE THE ABILITY OR AUTHORIZATION TO MAKE A CITATION DECISION;

3.3.6. With respect to each Authorized Violation, Redflex shall print and mail a Citation within six (6) days after Redflex's receipt of such authorization; provided, however, during the Warning Period, warning violation notices shall be issued in respect of all Authorized Violations;

3.3.7. Redflex shall provide a toll-free telephone number for the purposes of answering citizen inquiries;

3.3.8. Redflex shall permit the Authorized Officer to generate monthly reports using the Redflex Standard Report System;

3.3.9. Upon Redflex's receipt of a written request from the Customer and in addition to the Standard Reports, Redflex shall provide, without cost to the Customer, access to a reporting tool to allow the Customer to generate other reports

3.3.10. Upon the Customer's receipt of a written request from Redflex, the Customer shall provide, without cost to Redflex, reports regarding the prosecution of Citations and the collection of fines, fees and other monies in respect thereof in such format and for such periods as Redflex may reasonably request; provided, however, the Customer shall not be obligated to provide in excess of six (6) such reports in any given twelve (12) month period without cost to Redflex;

3.3.11. Upon Redflex's receipt of a written request from the Customer at least fourteen (14) calendar days in advance of a court proceeding, Redflex shall provide expert witnesses for use by the Customer in prosecuting Violations; provided, however, the Customer shall use reasonable best efforts to seek judicial notice in lieu of requiring Redflex to provide such expert witnesses;

3.3.12. During the three (3) month period following the installation of the Upgrades, Redflex shall provide such training to law enforcement personnel as shall be reasonably necessary in order to allow such personnel to act as expert witnesses on behalf of the Customer with respect to the Redlight Enforcement Program.

3.4. RECORDS RETENTION. Redflex shall retain Violations Data in accordance all applicable law as outlined in the Business Rules.

3.5. PROSECUTION AND COLLECTION; COMPENSATION. The Customer shall diligently prosecute Citations and the collection of all Fines in respect thereof, and Redflex shall have the right to receive, and the Customer shall be obligated to pay, the compensation set forth on Exhibit D attached hereto.

3.6. TAXES. Where obligated by applicable law, Redflex shall timely pay all taxes relating to or arising out of the Program. Unless otherwise indicated, the City agrees to pay any applicable taxes including but not limited to use, property or sales taxes required at the municipal, county, state or any other taxing authority level on all applicable consumer services and materials purchased and/or leased. No charge by the City shall be made for federal excise taxes and City agrees to furnish Redflex with an exemption certificate where appropriate for any applicable sales and/or use taxes. For the avoidance of doubt, it is the Parties intent that this Agreement does not alter the tax liability of either Party under the applicable law.

3.7. OTHER RIGHTS AND OBLIGATIONS. During the Term, in addition to all of the other rights and obligations set forth in this Agreement, Redflex and the Customer shall have the respective rights and obligations set forth on Exhibit E attached hereto.

3.8. CHANGE ORDERS.

The Customer may from time to time request changes to the work required to be performed or the addition of products or services to those required pursuant to the terms of this Agreement by providing written notice thereof to Redflex, setting forth in reasonable detail the proposed changes (a "Change Order Notice"). Upon Redflex's receipt of a Change Order Notice, Redflex shall deliver a written statement describing the effect, if any, the proposed changes would have on the pricing terms set forth in Exhibit D (the "Change Order Proposal"), which Change Order Proposal shall include (i) a detailed breakdown of the charge and schedule effects, (ii) a description of any resulting changes to the specifications and obligations of the Parties, (iii) a schedule for the delivery and other performance obligations, and (iv) any other information relating to the proposed changes reasonably requested by the Customer. Following the Customer's receipt of the Change Order Proposal, the Parties shall negotiate in good faith and agree in writing to a plan and schedule for implementation of the proposed changes, the time, manner and amount of payment or price increases or decreases, as the case may be, and any other matters relating to the proposed changes; provided, however, in the event that any proposed change requested within one (1) year of the Effective Date involves only the addition of equipment or services to the existing Designated Intersection Approaches, the pricing terms set forth in Exhibit D shall govern. Any failure of the Parties to reach agreement with respect to any of the foregoing as a result of any proposed changes shall not be deemed to be a breach of this Agreement provided each Party acted in good faith.

3.9. ROAD REPAIRS AND CONSTRUCTION PROJECTS.

3.9.1. The Fixed Monthly Fee to be paid will not be affected by any road repairs, street improvements or stop work order at any Designated Intersection Approach.

4. *LICENSE; RESERVATION OF RIGHTS.*

4.1. LICENSE. Subject to the terms and conditions of this Agreement, Redflex hereby grants the Customer, and the Customer hereby accepts from Redflex upon the terms and conditions herein specified, a non-exclusive, non-transferable license during the Term of this Agreement to: (a) solely within the City of Daly City, access and use the Redflex System for the sole purpose of reviewing Potential Violations and authorizing the issuance of Citations pursuant to the terms of this Agreement, and to print copies of any content posted on the Redflex System in connection therewith, (b) disclose to the public (including outside of the City of Daly City that Redflex is providing services to the Customer in connection with Photo Red Light Enforcement Program pursuant to the terms of this Agreement, and (c) use and display the Redflex Marks on or in marketing, public awareness or education, or other publications or materials relating to the Photo Red Light Enforcement Program, so long as any and all such publications or materials are approved in advance by Redflex.

4.2. RESERVATION OF RIGHTS. The Customer hereby acknowledges and agrees that: (a) Redflex is the sole and exclusive owner of the Redflex System, the Redflex Marks, all Intellectual Property arising from or relating to the Redflex System, and any and all related Equipment, (b) the Customer neither has nor makes any claim to any right, title or interest in any of the foregoing, except as specifically granted or authorized under this Agreement, and (c) by reason of the exercise of any such rights or interests of Customer pursuant to this Agreement, the Customer shall gain no additional right, title or interest therein.

4.3. RESTRICTED USE. The Customer hereby covenants and agrees that it shall not (a) make any modifications to the Redflex System, including but not limited to any Equipment, (b) alter, remove or tamper with any Redflex Marks, (c) use any of the Redflex Marks in any way which might prejudice their distinctiveness, validity or the goodwill of Redflex therein, (d) use any trademarks or other marks other than the Redflex Marks in connection with the Customer's use of the Redflex System pursuant to the terms of this Agreement without first obtaining the prior consent of Redflex, or (e) disassemble, de-compile or otherwise perform any type of reverse engineering to the Redflex System, the Redflex System, including but not limited to any Equipment, or to any, Intellectual Property or Proprietary Property of Redflex, or cause any other Person to do any of the foregoing.

4.4. PROTECTION OF RIGHTS. Redflex shall have the right to take whatever action it deems necessary or desirable to remedy or prevent the infringement of any Intellectual Property of Redflex, including without limitation the filing of applications to register as trademarks in any jurisdiction any of the Redflex Marks, the filing of patent application for any of the Intellectual Property of Redflex, and making any other applications or filings with appropriate Governmental Authorities. The Customer shall not take any action to remedy or prevent such infringing activities, and shall not in its own name make any registrations or filings with respect to any of the Redflex Marks or the Intellectual Property of Redflex without the prior written consent of Redflex.

4.5. INFRINGEMENT. The Customer shall use its reasonable best efforts to give Redflex prompt notice of any activities or threatened activities of any Person of which it becomes aware that infringes or violates or potentially infringes or violates the Redflex Marks or any of Redflex' s Intellectual Property or that constitute or potentially constitute a misappropriation of trade secrets or act of unfair competition that might dilute, damage or destroy any of the Redflex Marks or any other Intellectual Property of Redflex. Redflex shall have the exclusive right, but not the obligation, to take action to enforce such rights to its Marks and Intellectual Property and to make settlements relating to its Marks and Intellectual Property. In the event that Redflex commences any enforcement action relating to its Marks or Intellectual Property, the Customer shall provide Redflex with any reasonable cooperation and assistance as is reasonably requested by Redflex, and Redflex shall be entitled to any damages or other monetary amount that might be awarded after deduction of actual costs and attorneys' fees; provided, that Redflex shall reimburse the Customer for any reasonable costs incurred in providing such cooperation and assistance.

4.6. INFRINGING USE. The Customer shall give Redflex prompt written notice of any action or claim, whether threatened or pending, against the Customer alleging that

the Redflex Marks, or any other Intellectual Property of Redflex, infringes or violates any patent, trademark, copyright, trade secret or other Intellectual Property of any other Person, and the Customer shall provide to Redflex reasonable cooperation and assistance as is requested by Redflex; provided, that Redflex shall reimburse the Customer for any reasonable costs incurred in providing such cooperation and assistance. If such a claim is made and Redflex determines, in the exercise of its sole discretion, that an infringement may exist, Redflex shall have the right, but not the obligation, to procure for the Customer the right to keep using the allegedly infringing items, modify them to avoid the alleged infringement or replace them with non-infringing items.

4.7. UNAUTHORIZED REFERENCES TO REDFLEX. The Customer shall not utilize, make use of and/or make any reference to Redflex, its name or likeness, its affiliated, parent or subsidiary companies or corporations, its logos, insignias, trademarks, trade names, brand, websites, property, assets, products or services, including, but not limited to: "PLATESCAN® System"; "REDFLEXradar® System"; "REDFLEXrail® System"; "REDFLEXred® System"; "REDFLEXslimline® System"; "REDFLEXspeed® System"; "REDFLEXstop® System"; "Redflex Student Guardian® System"; "Salus® System"; "SMARTcam® System"; "SMARTops® System"; "SMARTscene® System"; and/or and any and all combinations, variants and derivatives of the foregoing, for any reason or purpose without the prior written approval of Redflex which may be withheld, denied, delayed, rejected and/or refused, by Redflex in its sole discretion.

5. *REPRESENTATIONS AND WARRANTIES.*

5.1. REDFLEX REPRESENTATIONS AND WARRANTIES.

5.1.1. Authority. Redflex warrants and represents that it has all right, power and authority to execute and deliver this Agreement and perform its obligations hereunder.

5.1.2. Professional Services. Redflex hereby warrants and represents that any and all services provided by Redflex pursuant to this Agreement shall be performed in a professional and workmanlike manner and, with respect to the installation of the Upgrades, subject to applicable law, m compliance with all specifications provided to Redflex by the Customer.

5.2. CUSTOMER REPRESENTATIONS AND WARRANTIES.

5.2.1. Authority. The Customer warrants and represents that it has all legal right, power and authority to execute and deliver this Agreement and perform its obligations. Customer further warrants and represents that it has complied with all applicable laws and regulations in entering into this Agreement, including but not limited to all local and state procurement laws, and will comply with all applicable laws and regulations in performing under this Agreement.

5.2.2. Professional Services. The Customer warrants and represents that any and all services that it provides pursuant to this Agreement shall be performed in a professional and workmanlike manner and in compliance with applicable law and by agreed upon specifications.

5.3. LIMITED WARRANTIES. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, INCLUDING ANY MAINTENANCE OBLIGATIONS SET

FORTH IN SECTION 3.2, REDFLEX MAKES NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE REDFLEX SYSTEM OR ANY RELATED EQUIPMENT OR SOFTWARE, OR WITH RESPECT TO THE RESULTS OF THE PROGRAM. WITH RESPECT TO THE RESULTS OF THE CUSTOMER'S USE OF ANY OF THE FOREGOING. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, REDFLEX DOES NOT WARRANT THAT ANY OF THE DESIGNATED INTERSECTION APPROACHES OR THE REDFLEX SYSTEM WILL OPERATE IN THE WAY THE CUSTOMER SELECTS FOR USE, OR THAT THE OPERATION OR USE THEREOF WILL BE UNINTERRUPTED. THE CUSTOMER HEREBY ACKNOWLEDGES THAT THE REDFLEX SYSTEM MAY MALFUNCTION FROM TIME TO TIME, AND SUBJECT TO THE TERMS OF THIS AGREEMENT, REDFLEX SHALL DILIGENTLY ENDEAVOR TO CORRECT ANY SUCH MALFUNCTION IN A TIMELY MANNER.

6. ***TERMINATION.***

6.1. TERMINATION FOR CAUSE: Either Party shall have the right to terminate this Agreement immediately by written notice to the other if (i) state statutes are amended to prohibit or substantially change the operation of photo red light enforcement systems; (ii) any court having jurisdiction over City rules, or state or federal statute declares, that results from the Redflex System of photo red light enforcement are inadmissible in evidence; or (iii) 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) or 6.1(ii) 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 remedy a material breach within forty-five (45) 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 receipt of written notice from the non-causing Party setting forth in reasonable detail the events of the cause for termination. 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.

6.2. TERMINATION FOR CONVENIENCE. The City reserves the right to terminate this Agreement without cause with thirty (30) days' written notice. If the City exercises its right to terminate this Agreement in accordance with this paragraph, the City shall be obligated to pay Redflex for all services satisfactorily performed in accordance with this Agreement, through and including the initial termination date, but not to exceed the payment according to the rates specified in Exhibit D. The City shall also pay Redflex the amount of Equitable Cost Recovery, if any, as set forth in Exhibit D, or pay the remaining monthly payments under this Agreement, whichever is less.

6.3. PROCEDURES UPON TERMINATION. The termination of this Agreement shall not relieve either Party of any liability that accrued prior to such termination. Except as set forth in Section 6.3, upon the termination of this Agreement, all of the provisions of this Agreement shall terminate and:

6.3.1. Redflex shall (i) immediately cease to provide services, including but not

limited to work in connection with the construction or installation activities and services in connection with the Photo Red Light Enforcement Program, (ii) promptly deliver to the Customer any and all Proprietary Property or Confidential Information of the Customer provided to Redflex pursuant to this Agreement, (iii) promptly deliver to the Customer a final report to the Customer regarding the collection of data and the issuance of Citations in such format and for such periods as the Customer may reasonably request, and which final report Redflex shall update or supplement from time to time when and if additional data or information becomes available, (iv) promptly deliver to Customer a final invoice stating all fees and charges properly owed by Customer to Redflex for work performed and Citations issued by Redflex prior to the termination, and (v) provide such assistance as the Customer may reasonably request from time to time in connection with prosecuting and enforcing Citations issued prior to the termination of this Agreement. Except as required by applicable law or as mutually agreed by Redflex and the Customer, Redflex shall have no obligation to retain Violations Data after termination of this Agreement. At termination and upon the City's prior written request, Redflex will transfer the Violations Data to the City in accordance with a mutually agreed upon method of transfer. The City shall be responsible for all costs associated with the transfer of the Violations Data including but not limited to administrative costs, storage media and storage media authoring device costs, and internet bandwidth costs incurred in transferring the Violations Data. Upon completion of the transfer of the Violations Data to the City, Redflex shall have no obligation or responsibility concerning the Violations Data.

6.3.2. The Customer shall (i) immediately cease using the Photo Red Light Enforcement Program, accessing the Redflex System and using any other Intellectual Property of Redflex, (ii) promptly deliver to Redflex any and all Proprietary Property or Confidential Information of Redflex provided to the Customer pursuant to this Agreement, and (iii) promptly pay Redflex any and all fees, charges and amounts properly owed by Customer to Redflex for work performed and Citations issued by Redflex prior to the termination, as outlined in Exhibit D.

6.3.3. Unless the Customer and Redflex have agreed to enter into a new agreement relating to the Photo Red Light Enforcement Program or have agreed to extend the Term of this Agreement, Redflex shall remove any and all above ground level Equipment or other materials of Redflex installed in connection with Redflex's performance of its obligations under this Agreement, including but not limited to housings, poles and return the site to grade.

6.4. SURVIVAL. Notwithstanding the foregoing, the definitions provided for in Section 1 and each of the following Sections shall survive the termination of this Agreement: (i) Sections 4.2 (Reservation of Rights), 5.1 (Redflex Representations and Warranties), 5.2 (Customer Representations and Warranties), 5.3 (Limited Warranty), 7 (Confidentiality), 8 (Indemnification and Liability), 9 (Notices), 10 (Dispute Resolution), 11.1 (Assignment), 11.17 (Applicable Law), 11.16 (Injunctive Relief; Specific Performance) and 11.18

(Jurisdiction and Venue), and (y) those provisions, and the rights and obligations therein, set forth in this Agreement which either by their terms state, or evidence the intent of the Parties, that the provisions survive the expiration or termination of the Agreement, or must survive to give effect to the provisions of this Agreement.

7. ***CONFIDENTIALITY.*** During the term of this Agreement and for a period of three (3) years thereafter, neither Party shall disclose to any third person, or use for itself in any way for pecuniary gain, any Confidential Information learned from the other Party during the course of the negotiations for this Agreement or during the Term of this Agreement. Upon termination of this Agreement, each Party shall return to the other all tangible Confidential Information of such Party. Each Party shall retain in confidence and not disclose to any third Party any Confidential Information without the other Party's express written consent, except (a) to its employees who are reasonably required to have the Confidential Information, (b) to its agents, representatives, attorneys and other professional advisors that have a need to know such Confidential Information, provided that such Parties undertake in writing (or are otherwise bound by rules of professional conduct) to keep such information strictly confidential, and (c) pursuant to, and to the extent of, a request or order by any Governmental Authority, including laws relating to public records.

8. ***INDEMNIFICATION AND LIABILITY.***

8.1. Indemnification by Redflex. Subject to Section 8.3, Redflex hereby agrees to defend and indemnify the Customer, and its affiliates, shareholders, managers, officers, directors, employees, agents, representatives and successors, permitted assignees and each of their affiliates, and all persons acting by, through, under or in concert with them, or any of them (individually a "Customer Party" and collectively, the "Customer Parties") against, and to protect, save and keep harmless the Customer Parties from, and to pay on behalf of or reimburse the Customer Parties as and when incurred for, any and all liabilities, obligations, losses, damages, penalties, demands, claims, actions, suits, judgments, settlements, costs, expenses and disbursements (including reasonable attorneys', accountants' and expert witnesses' fees) of whatever kind and nature (collectively, "Losses"), which may be imposed on or incurred by any Customer Party arising out of or related to (a) any material misrepresentation, material inaccuracy or material breach of any covenant, warranty or representation of Redflex contained in this Agreement, or (b) the willful misconduct of Redflex, its employees or agents which results in death or bodily injury to any natural person (including third parties) or any damage to any real or tangible personal property (including the personal property of third parties), except to the extent caused by the willful misconduct or negligence of any Customer Party.

8.2. Indemnification by Customer. Subject to Section 8.3, the Customer hereby agrees to defend and indemnify Redflex and its affiliates, shareholders, managers, officers, directors, employees, agents, representatives and successors, permitted assignees and all persons acting by, through, under or in concert with them, or any of them (individually a "Redflex Party" and collectively, the "Redflex Parties") against, and

to protect, save and keep harmless the Redflex Parties from, and to pay on behalf of or reimburse the Redflex Parties as and when incurred for, any and all Losses which may be imposed on or incurred by any Redflex Party arising out of or in any way related to (a) any material misrepresentation, material inaccuracy or material breach of any covenant, warranty or representation of the Customer contained in this Agreement, (b) the willful misconduct of the Customer, its employees, contractors or agents which result in death or bodily injury to any natural person (including third parties) or any damage to any real or tangible personal property (including the personal property of third parties), except to the extent caused by the willful misconduct of any Redflex Party, or (c) any claim, action or demand not caused by Redflex's failure to perform its obligations under this Agreement, or (d) any claim, action or demand challenging the Customer's use of the Redflex System or any portion thereof, the validity of the results of the Customer's use of the Redflex System or any portion thereof, or the validity of the Citations issued, prosecuted and collected as a result of the Customer's use of the Redflex System or any portion thereof.

8.3. Indemnification Procedures. In the event any claim, action or demand (a "Claim") in respect of which any Party hereto seeks indemnification from the other Party, the Party seeking indemnification (the "Indemnified Party") shall give the Party from whom indemnification is sought (the "Indemnifying Party") written notice of such Claim promptly after the Indemnified Party first becomes aware of the Claim; provided, however, that failure so to give such notice shall not preclude indemnification with respect to such Claim except to the extent of any additional or increased Losses or other actual prejudice directly caused by such failure. The Indemnifying Party shall have the right to choose counsel to defend such Claim (subject to the approval of such counsel by the Indemnified Party, which approval shall not be unreasonably withheld, conditioned or delayed), and to control, compromise and settle such Claim, and the Indemnified Party shall have the right to participate in the defense at its sole expense; provided, however, the Indemnified Party shall have the right to take over the control of the defense or settlement of such Claim at any time if the Indemnified Party irrevocably waives all rights to indemnification from and by the Indemnifying Party. The Indemnifying Party and the Indemnified Party shall cooperate in the defense or settlement of any Claim, and no Party shall have the right enter into any settlement agreement that materially affects the other Party's material rights or material interests without such Party's prior written consent, which consent will not be unreasonably withheld or delayed.

8.4. LIMITED LIABILITY. Notwithstanding anything to the contrary in this Agreement, neither Party shall be liable to the other, by reason of any representation or express or implied warranty, condition or other term or any duty at common or civil law, for any , indirect, incidental, special, Lost Profits or consequential, exemplary or punitive damages, however caused and on any theory of liability arising out of or relating to this Agreement. REDFLEX'S TOTAL CUMULATIVE LIABILITY ARISING FROM OR RELATED TO THIS AGREEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE, WILL NOT EXCEED THE AMOUNTS PAID BY THE CITY/TOWN TO REDLFEX HEREUNDER.

9. ***NOTICES.*** Any notices to be given hereunder shall be in writing, and shall be deemed to

have been given (a) upon delivery, if delivered by hand, (b) three (3) days after being mailed either first class, certified mail, return receipt requested, postage and registry fees prepaid, or (c) one Business Day after being delivered to a reputable overnight courier service, excluding the U.S. Postal Service, prepaid, marked for next day delivery, if the courier service obtains a signature acknowledging receipt, in each case addressed or sent to such Party as follows:

9.1. Notices to Redflex:
Redflex Traffic Systems, Inc.
Attn: Legal Department
5651 W. Talavi Blvd., Suite 200
Glendale, Arizona 85306
E-Mail: legaldepartment@redflex.com

9.2. Notices to the Customer: City of Daly City

_____
_____
_____
_____
_____
_____

10. ***DISPUTE RESOLUTION.*** Upon the occurrence of any dispute or disagreement between the Parties hereto arising out of or in connection with any term or provision of this Agreement, the subject matter hereof, or the interpretation or enforcement hereof (the "Dispute"), the Parties shall engage in informal, good faith discussions and attempt to resolve the Dispute. In connection therewith, upon written notice of either Party, each of the Parties will appoint a designated officer whose task it shall be to meet for the purpose of attempting to resolve such Dispute. The designated officers shall meet as often as the Parties shall deem to be reasonably necessary. Such officers will discuss the Dispute. If the Parties are unable to resolve the Dispute in accordance with this Section 10, and in the event that either of the Parties concludes in good faith that amicable resolution through continued negotiation with respect to the Dispute is not reasonably likely to result in resolution of the dispute, then the Parties may mutually agree to submit the Dispute to binding or nonbinding arbitration or mediation for resolution. If the Parties do not mutually agree to submit the dispute to binding or nonbinding arbitration or mediation, any Party may initiate litigation.

11. ***MISCELLANEOUS.***

11.1. 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,

11.2. RELATIONSHIP BETWEEN REDFLEX AND THE CUSTOMER.

Nothing in this Agreement shall create, or be deemed to create, a partnership, joint venture or the relationship of principal and agent or employer and employee between the Parties. The relationship between the Parties shall be that of independent contractors, and nothing contained in this Agreement shall create the relationship of principal and agent or otherwise permit either Party to incur any debts or liabilities or obligations on behalf of the other Party (except as specifically provided herein).

11.3. AUDIT RIGHTS. Each of Parties hereto shall have the right to audit the books and records of the other Party hereto (the "Audited Party") solely for the purpose of verifying the payments, if any, payable pursuant to this Agreement. Any such audit shall be conducted upon not less than forty-eight (48) hours' prior notice to the Audited Party, at mutually convenient times and during the Audited Party's normal business hours. Except as otherwise provided in this Agreement, the cost of any such audit shall be borne by the non-Audited Party. In the event any such audit establishes any underpayment of any payment payable by the Audited Party to the non-Audited Party pursuant to this Agreement, the Audited Party shall promptly pay the amount of the shortfall, and in the event that any such audit establishes that the Audited Party has underpaid any payment by more than twenty five percent (25%) of the amount of actually owing, the cost of such audit shall be borne by the Audited Party. In the event any such audit establishes any overpayment by the Audited Party of any payment made pursuant to this Agreement, non-Audited Party shall promptly refund to the Audited Party the amount of the excess.

11.4. FORCE MAJEURE. Neither Party will be liable to the other or be deemed to be in breach of this Agreement for any failure or delay in rendering performance arising out of causes beyond its reasonable control and without its fault or negligence. Such causes may include but are not limited to, acts of God or the public enemy, terrorism, significant fires, floods, earthquakes, epidemics, quarantine restrictions, strikes, freight embargoes, or Governmental Authorities approval delays which are not caused by any act or omission by Redflex, and unusually severe weather. The Party whose performance is affected agrees to notify the other promptly of the existence and nature of any delay.

11.5. ENTIRE AGREEMENT. This Agreement represents the entire Agreement between the parties, and there are no other agreements (other than invoices and purchase orders), whether written or oral, which affect its terms. This Agreement may be amended only by a subsequent written agreement signed by both parties.

11.6. SEVERABILITY. If any provision of this Agreement is held by any court or other competent authority to be void or unenforceable in whole or part, this Agreement shall continue to be valid as to the other provisions thereof and the remainder of the affected provision.

11.7. WAIVER. Any waiver by either Party of a breach of any provision of this Agreement shall not be considered as a waiver of any subsequent breach of the same or any other provision thereof.

11.8. CONSTRUCTION Except as expressly otherwise provided in this Agreement, this Agreement shall be construed as having been fully and completely negotiated and neither the Agreement nor any provision thereof shall be construed more strictly against either Party.

11.9. HEADINGS. The headings of the sections contained in this Agreement are

included herein for reference purposes only, solely for the convenience of the parties hereto, and shall not in any way be deemed to affect the meaning, interpretation or applicability of this Agreement or any term, condition or provision hereof.

11.10. EXECUTION AND COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute only one instrument. Any one of such counterparts shall be sufficient for the purpose of proving the existence and terms of this Agreement, and no Party shall be required to produce an original or all of such counterparts in making such proof.

11.11. COVENANT OF FURTHER ASSURANCES. All parties to this Agreement shall, upon request, perform any and all acts and execute and deliver any and all certificates, instruments and other documents that may be necessary or appropriate to carry out any of the terms, conditions and provisions hereof or to carry out the intent of this Agreement.

11.12. REMEDIES CUMULATIVE. Each and all of the several rights and remedies provided for in this Agreement shall be construed as being cumulative and no one of them shall be deemed to be exclusive of the others or of any right or remedy allowed by law or equity, and pursuit of any one remedy shall not be deemed to be an election of such remedy, or a waiver of any other remedy.

11.13. BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon all of the parties hereto and their respective executors, administrators, successors and permitted assigns.

11.14. COMPLIANCE WITH LAWS. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law, and whenever there is a conflict between any term, condition or provision of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the term, condition or provision of this Agreement affected shall be modified or limited only to the extent necessary to bring it within the requirement of the law, provided that such modification or limitation is consistent with the intent of the Parties as expressed in this Agreement.

11.15. NO THIRD PARTY BENEFIT. Nothing contained in this Agreement shall be deemed to confer any right or benefit on any Person who is not a Party to this Agreement.

11.16. INJUNCTIVE RELIEF; SPECIFIC PERFORMANCE. The parties hereby agree and acknowledge that a breach of Sections 4.1 (License), 4.3 (Restricted Use) or 7 (Confidentiality) of this Agreement would result in severe and irreparable injury to the other Party, which injury could not be adequately compensated by an award of money damages, and the parties therefore agree and acknowledge that they shall be entitled to injunctive relief in the event of any breach of any material term, condition or provision of this Agreement, or to enjoin or prevent such a breach, including without limitation an action for specific performance hereof.

11.17. APPLICABLE LAW. This Agreement shall be governed by and construed in all respects solely in accordance with the laws of the State of California, United States.

11.18. JURISDICTION AND VENUE. Any dispute arising out of or in connection

with this Agreement shall be submitted to the exclusive jurisdiction and venue of the courts located in the County of San Mateo and both parties specifically agree to be bound by the jurisdiction and venue thereof.

11.19. ATTORNEYS' FEES. In the event any legal action is commenced to enforce or interpret this Agreement, the prevailing Party is entitled to reasonable attorney's fees, costs, and expenses incurred

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

"City"

THE CITY OF DALY CITY, CALIFORNIA

Name: Patrick Hensley
Title: Chief of Police

"Redflex"

REDFLEX TRAFFIC SYSTEMS, INC.

Mark Talbot
President

EXHIBIT "A"
Designated Intersection Approaches

The Agreement is for the implementation of up to 10 Intersection Approaches, the following of which are currently in operation as of the date of this Agreement ("Existing Approaches"):

Redflex Identifier	Location	Direction
DAL-HIGE-01	Hickey BL/Gellert BL	EB
DAL-JDSH-01	John Daly BL/Sheffield DR	EB
DAL-JSWA-01	Junipero Serra BL/Washington ST	NB
DAL-SPJS-01	San Pedro/Junipero Serra	WB

Redflex will Upgrade the Existing Approaches as set forth in Exhibit B.

EXHIBIT "B"
Construction and Installation Obligations

Timeframe for Installation of the Upgrades:

According to an implementation plan to be mutually agreed to by Redflex and the City, Redflex will use commercially reasonable efforts to install and activate the Upgrades within the time frames set forth in the implementation plan. Within sixty (60) days following the Effective Date, Redflex and the City will meet to finalize the implementation plan. Notwithstanding, the City agrees that the estimated timeframe for installation and activation are subject to conditions beyond the control of Redflex and are not guaranteed.

In order to perform a timely installation of the Upgrades, the City will assist Redflex with providing timely approval of City permit requests.

The following general guidelines shall apply to the installation of the Upgrades and the installation of Equipment at any new Intersection Approaches, as applicable:

1. Redflex Obligations. Redflex shall do or cause to be done each of the following (in each case, unless otherwise stated below, at Redflex's sole expense):
   1.1. Appoint the Redflex Project Manager;
   1.2. If needed, request current "as-built" electronic engineering drawings for the Designated Intersection Approaches (the "Drawings") from the City traffic engineer;
   1.3. Develop and submit to the Customer for approval construction and installation specifications in reasonable detail for the Designated Intersection Approaches, including but not limited to specifications for all radar sensors, pavement loops, electrical connections and traffic controller connections, as required; and
   1.4. Seek approval from the relevant Governmental Authorities having authority or jurisdiction over the construction and installation specifications for the Designated Intersection Approaches (collectively, the "Approvals"), which will include compliance with City permit applications.
   1.5. Finalize the acquisition of the Approvals;
   1.6. Complete the installation and testing of all necessary Equipment, including hardware and software, at the Designated Intersection Approaches (under the supervision of the Customer);
   1.7. Cause an electrical sub-contractor to complete all reasonably necessary electrical work at the Designated Intersection Approaches, including but not limited to the installation of all related Equipment and other detection sensors, poles, cabling, telecommunications equipment and wiring, which work shall be performed in compliance with all applicable local, state and federal laws and regulations;
   1.8. Install and test the functionality of the Designated Intersection Approaches with the Redflex System and establish fully operational Violation processing capability with the Redflex System;
   1.9. Implement the use of the Redflex System at each of the Designated Intersection

Approaches;

1.10. Deliver the Materials to the Customer;

1.11. Issue citation notices for Authorized Violations;

1.12. Redflex shall provide training (i) for up to fifteen (15) personnel of the Customer, including but not limited to the persons who Customer shall appoint as Authorized Officers and other persons involved in the administration of the Redlight Photo Enforcement Program, (ii) for at least sixteen (16) hours in the aggregate, (iii) regarding the operation of the Redflex System and the Redlight Photo Enforcement Program, which training shall include training with respect to the Redflex System and its operations, strategies for presenting Violations Data in court and judicial proceedings and a review of the Enforcement Documentation;

1.13. Establish an interface by utilizing City's ability, as a government entity, to access the records data of the Department of Motor Vehicles. Redflex will assist the City in developing an interface to be provided to the Department of Motor Vehicles; and

1.14. Interact with court and judicial personnel to address issues regarding the implementation of the Redflex System, the development of a subpoena processing timeline that will permit the offering of Violations Data in court and judicial proceedings, and coordination between Redflex, the Customer and juvenile court personnel.

2. CUSTOMER OBLIGATIONS. The Customer shall do or cause to be done each of the following (in each case, unless otherwise stated below, at Customer's sole expense):

2.1.1. Appoint the Project Manager;

2.1.2. Assist Redflex in obtaining the Drawings from the relevant Governmental Authorities;

2.1.3. Notify Redflex of any specific requirements relating to the construction and installation of any Intersection Approaches or the implementation of the Redlight Photo Enforcement Program;

2.1.4. Provide assistance to Redflex in obtaining access to the records data of the Department of Motor Vehicles in Redflex's capacity as an independent contractor to the Customer;

2.1.5. Assist Redflex in seeking the Approvals;

2.1.6. Provide reasonable access to the Customer's properties and facilities in order to permit Redflex to install and test the functionality of the Designated Intersection Approaches and the Redlight Photo Enforcement Program;

2.1.7. Provide reasonable access to the personnel of the Customer and reasonable information about the specific operational requirements of such personnel for the purposes of performing training;

2.1.8. Seek approval or amendment of Awareness Strategy and provide written notice to Redflex with respect to the quantity of media and program materials (the "Materials") that the Customer will require in order to implement the Awareness Strategy during the period commencing on the date on which Redflex begins the installation of any of the Designated Intersection Approaches and ending one (1) month after the Installation Date;

2.1.9. Develop and provide the Redlight Violation Criteria to Redflex.;

2.1.10. Seek approval of the Enforcement Documentation;

2.1.11. 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 applicable State statute. Customer shall submit design drawings to the appropriate local authority for approval. Customer shall be solely responsible for installing required Signage. Any changes or modifications to Signage requirements will be the responsibility of the Customer;

2.1.12. Yellow Light Timing Review: The Customer is responsible to ensure that the yellow or amber light phase timing at all photo enforced intersections meets minimum standards according to Federal, State, and local laws, guidelines, and/or rules; and

2.1.13. Customer is responsible for all computer hardware, web browsers and high speed Internet access necessary for the Authorized Employee to access the Redflex systems and software.

EXHIBIT "C"
Maintenance

1. All repair and maintenance of Photo Red Light Enforcement systems and related equipment will be the sole responsibility of Redflex, including but not limited to maintaining the casings of the cameras included in the Redflex System and all other Equipment in reasonably clean and graffiti-free condition.
2. Redflex shall not open the Traffic Signal Controller Boxes without a representative of City Traffic Engineering Department present.
3. The provision of all necessary communication, broadband and telephone services to the Designated Intersection Approaches will be the sole responsibility of the Redflex
4. The provision of all necessary electrical services to the Designated Intersection Approaches will be the sole responsibility of the Customer
5. In the event that images of a quality suitable for the Authorized Officer to identify Violations cannot be reasonably obtained without the use of flash units, Redflex shall provide and install such flash units.
6. The Redflex Project Manager (or a reasonable alternate) shall be available to the Police Project Manager each day, on a reasonable best efforts basis.
7. In the event a camera system is knocked down or suffers vandalism rendering the approach inoperative, the City will secure the camera system by removing the system from the scene and storing it in a secure location. Redflex must pay the City for the cost of a City maintenance team to secure their camera system when an after-hours callout is required. Redflex is not required to reimburse the City when a City maintenance team secures a camera system during regular business hours.
8. The City shall notify Redflex as soon as possible if any camera system is knocked down or subject to vandalism.
9. Roadway/Intersection improvement projects: Customer shall reimburse Redflex the costs of replacing and or modification of operational system approaches necessitated or caused by roadway or intersection improvement projects.

EXHIBIT "D"
COMPENSATION & PRICING

For each Designated Intersection Approach, the Customer shall be obligated to pay Redflex a fixed fee of $5,000 per month for each Designated Intersection Approach ("Fixed Fee") as full remuneration for performing all of the services contemplated in this Agreement.

Cost Neutrality

Cost neutrality is assured to Customer. Cost neutrality is assured to Customer using this methodology as Customer will never pay Redflex more than actual cash received.

The Customer agrees to pay Redflex within thirty (30) days after the invoice is received. City shall be obligated to pay the cumulative balance invoiced by Redflex, in accordance with terms set forth above, to the extent of gross cash received by the City from automated red light violations. In the event that a balance remains unpaid due to a deficit in gross cash received by the City compared to invoiced amounts, City will provide to Redflex with each monthly payment, an accounting of such gross receipts supporting the amount withheld.

1. In the event that the contract ends or is terminated and an invoiced balance is still owed to Redflex, all subsequent receipts from automated red light violations for a period of 12 months from date of termination will be applied to such balance and paid to Redflex
2. Payment will only be made by Customer up to the amount of cash received by Customer through the collection of red light citation up to the amount currently due.
3. Customer to open special revenue account and payments to Redflex will come only from the available balance in that account up to the amount currently due, including any unpaid prior invoiced amounts.
4. Intersection approaches can be relocated to a new site at the customers request and expense.

Equitable Cost Recovery by Redflex Upon Termination For Convenience By the City

If the City chooses to exercise its option to terminate the Agreement for convenience as set forth in Section 6.2, the City shall pay to Redflex an amount equal to the unamortized costs of the direct labor and direct material costs, equipment costs (less salvageable material costs), and capitalized costs associated with the installation of all Intersection Approaches, including the Upgrades to Existing Approaches ("Installation Costs"), installed pursuant to the terms of this Agreement or the Original Agreement based upon a five (5) year, month-by-month amortization schedule for each Approach. The amortization of the Installation Costs incurred under the Original Agreement commenced as of the "Go Live" date of each Intersection Approach installed pursuant to the Original Agreement. For the Upgrades and additional Intersection Approaches installed pursuant to this Agreement, the amortization of the Installation Costs shall commence as of "Go Live" date of each Intersection Approach following the installation of the Upgrade or new Intersection Approach, as the case may be.

BUSINESS ASSUMPTIONS FOR ALL PRICING OPTIONS:

1. Redflex construction will be able to utilize existing conduit for installation where space is available.
2. Each year the pricing will increase by the CPI. CPI will be derived from the publication of the U.S. Department of Labor Consumer Price Index for U.S. City average.
3. Except where a balance remains unpaid due to a deficit in the gross cash received as described herein, 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.

Exhibit "E"

Additional Rights and Obligations

Redflex and the Customer shall respectively have the additional rights and obligations set forth below:

1. Redflex shall assist the Customer in public information and education efforts, including but not limited to the development of artwork for utility bill inserts, press releases and schedules for any public launch of the Program. All costs related to the foregoing, including actual print and production costs are the responsibility of the Customer.
2. The Customer shall not access the Redflex System or use the Redlight Photo Enforcement Program in any manner other than prescribed by law and which restricts or inhibits any other Person from using the Redflex System or the Redflex Photo Enforcement Program with respect to any Intersection Approaches constructed or maintained by Redflex for such Person, or which could damage, disable, impair or overburden the Redflex System or the Redflex Photo Enforcement Program, and the Customer shall not attempt to gain unauthorized access to (i) any account of any other Person, (ii) any computer systems or networks connected to the Redflex System, or (iii) any materials or information not intentionally made available by Redflex to the Customer by means of hacking, password mining or any other method whatsoever, nor shall the Customer cause any other Person to do any of the foregoing.
3. The Customer shall maintain the confidentiality of any username, password or other process or device for accessing the Redflex System or using the Redlight Photo Enforcement Program.
4. Redflex and the Customer shall advise each other in writing with respect to any applicable rules or regulations governing the conduct of the other on or with respect to the property of such other Party, including but not limited to rules and regulations relating to the safeguarding of confidential or proprietary information, and when so advised, Redflex and the Customer shall obey any and all such rules and regulations.
5. The Customer shall promptly reimburse Redflex for the cost of repairing or replacing any portion of the Redflex System, or any property or equipment related thereto, damaged directly or indirectly by the Customer, or any of its employees, contractors or agents.
6. The Parties shall agree on specific Business Rules governing the function and operation of the Redflex System.

EXHIBIT "F"
Insurance

1. Redflex shall procure and maintain at Redflex's sole cost and expense the following insurance coverage in connection with the performance of work or services pursuant to this Agreement by Redflex, and each of Redflex' s subcontractors, agents, representatives and employees:
2. Commercial General Liability Insurance. Commercial General Liability Insurance with coverage limits of not less than One Million Dollars ($1,000,000) combined single limit per occurrence for bodily injury and property damage;
3. Business Automobile Liability Insurance. Business Automobile Liability Insurance with coverage of not less than One Million Dollars ($1,000,000) combined single limit per accident for bodily injury or property damage, including but not limited to coverage for all automobiles owned, non-owned and hired by Redflex, such limits of coverage may be met through any combination of primary ;
4. Professional Liability (Errors and Omissions) Insurance. Redflex will use its commercial best efforts to procure and maintain Professional Liability (Errors and Omissions) Insurance with coverage of not less than One Million Dollars ($1,000,000) per occurrence and in the aggregate; and
5. Workers' Compensation and Employer's Liability Insurance. Workers' Compensation Insurance with coverage of not less than the limits required by the Labor Code of the State of California, Employer's Liability Insurance with coverage of not less than One Million Dollars ($1,000,000) per occurrence.
6. With respect to the Commercial General Liability Insurance the following additional provisions shall apply:

   The Customer shall be named as additional insureds with respect to the Commercial General Liability insurance; and such coverage shall contain no special limitations on the scope of protection afforded to such additional insureds The endorsements shall include: (1) The insurance policy number; (2) A statement that includes the following language: *"The City of Daly City, including its officers, officials, employees, and volunteers, are insureds"*.

   a. The insurance coverage procured by Redflex and described above shall be the primary insurance with respect to the Customer in connection with this Agreement, and any insurance or self-insurance maintained by the Customer shall be in excess, and not in contribution to, such insurance; and
   b. The Commercial General Liability insurance shall include "Separation of Insureds" wording which states that such insurance coverage shall apply separately with respect to each insured against whom claim is made or suit is brought, except with respect to the limits of insurance or any rights or duties specifically assigned to Redflex in such insurance policies.

7. With respect to the insurance described in the foregoing Section of this Exhibit E, if Redflex is notified by any insurer that any insurance coverage will be materially reduced or cancelled, Redflex shall provide written notice within ten (10) business days to the Customer and shall take all necessary actions to correct such cancellation in coverage limits, and shall provide written notice to the Customer of the date and nature of such correction. If Redflex is notified by any insurer that any insurance coverage will be cancelled, Redflex shall immediately provide written notice to the Customer and shall take all necessary actions to correct such cancellation in coverage limits, and shall provide written notice to the Customer of the date and nature of such correction. If Redflex, for any reason, fails to maintain the insurance coverage required pursuant to this Agreement, such failure shall be deemed a material breach of this Agreement, and the Customer shall have the right, but not the obligation and exercisable in its sole discretion, to either (i) terminate this Agreement and seek damages from Redflex for such breach, or (ii) purchase such required insurance, and without further notice to Redflex, deduct from any amounts due to Redflex pursuant to this Agreement, any premium costs advance by the Customer for such insurance. If the premium costs advanced by the Customer for such insurance exceed any amounts due to Redflex pursuant to this Agreement, Redflex shall promptly remit such excess amount to the Customer upon receipt of written notice thereof.
8. Redflex shall provide certificates of insurance with original endorsements to City evidencing the insurance required pursuant to the terms of this Agreement, which certificates shall be executed by an authorized representative of the applicable insurer, and which certificates shall be delivered to the Customer prior to Redflex commencing any work pursuant to the terms of this Agreement.