

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

This Agreement ("Agreement") is made as of this 4 day of May, 2012 by and between Redflex Traffic Systems, Inc., 5835A Uplander Way, Culver City, California 90230 ("Redflex"), and the City of Highland, a municipal corporation, with offices at 27215 Base Line, Highland, California 92346 (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 sworn peace officers or a qualified employee of the Police Department 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 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 considerations received, the receipt and sufficiency of which are hereby acknowledged, the parties agree that the Agreement shall be amended as follows:

AGREEMENT

1. Paragraph 2 of the Agreement, entitled "TERM", is amended in its entirety to read as follows:

"Effective upon expiration of the Initial Term occurring on June 30, 2012, the Agreement is hereby extended and renewed for a two (2) year period (the "Renewal 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 (each an "Renewal Term" and collectively with the Initial Term, the "Term"). The Customer may exercise the right to extend the term of the Agreement for an Additional Renewal Term by providing written notice to Redflex not less thirty (30) days prior to the last day of the Renewal Term or an Additional Renewal Term, as the case may be."

2. Exhibit "D", Compensation & Pricing, is replaced in its entirety with the attached revised Exhibit "D" which shall become effective July 1, 2012.
3. All other provisions of this Agreement shall remain in effect.


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

"Customer"

"Redflex"

CITY OF HIGHLAND
INC.,

REDFLEX TRAFFIC SYSTEMS,

By: 
Name: Larry McCallon
Title: Mayor

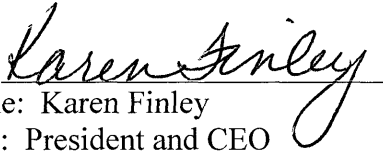
By: 
Name: Karen Finley
Title: President and CEO

EXHIBIT "D"
COMPENSATION & PRICING

Fixed Monthly Fee

Commencing on the effective date of this Agreement, the Customer shall be obligated to pay Redflex a fixed fee of \$5,750.00 per month for each Designated Intersection Approach ("Fixed Fee") as full remuneration for performing all of the services contemplated in this Agreement and for the continued operation of the following approaches:

Highland Avenue and Victoria Avenue, Eastbound
Sterling Avenue and Baseline Avenue, Southbound

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. Customer shall be obligated to pay the cumulative balance invoiced by Redflex, in accordance with the terms set forth above, to the extent of **gross cash received by the Customer from automated red light violations. In the event that a balance remains unpaid due to a deficit in gross cash received by the Customer compared to invoiced amounts, Customer 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 twelve months from the 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 from the County through the collection of red light citations up to the amount currently due.
3. Customer shall open a separate 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.

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, on the anniversary date of the contract, 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, the 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.



April 27, 2011

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Highland, CA 92346
(909) 864-6861
(909) 862-3180 FAX
www.cityofhighland.org

Karen Finley
Redflex Traffic Systems, Inc.
23751 N. 23rd Avenue
Phoenix, AZ 85085-1854

City Council

Mayor
Larry McCallon

Mayor Pro-Tem
Penny Lilburn

Sam J Racadio
Jody Scott
John P Timmer

City Manager
Joseph A Hughes

Re: One year extension of photo red light enforcement program

Ms. Finley:

The initial term of the July 1, 2008 Agreement for a Photo Red Light Enforcement Program between the City of Highland and Redflex Traffic Systems, Inc. expired on June 30, 2010, two years after the installation date. The Agreement allows for up to three additional one year extensions following the expiration of the initial two year term. The City Council approved a one year extension last year which leaves two one year extensions. The City of Highland would like to exercise its right to extend the term of this agreement for an additional one year period. This would leave a single one year extension available on the current contract.

This letter is therefore written notice to extend the term of the Agreement for one year. The expiration date of this renewal term is June 30, 2012.

Sincerely,

Chuck Dantuono
Director of Administrative
Services/City Treasurer