

FIRST AMENDMENT TO 08-015 (1)
AGREEMENT BETWEEN THE CITY OF BAKERSFIELD AND REDFLEX
TRAFFIC SYSTEMS, INC (CALIFORNIA) FOR PHOTO RED LIGHT
ENFORCEMENT PROGRAM

PARTIES AND DATE

This First Amendment ("Amendment") is made and entered into this **JUL 15 2009**
This amendment is made and entered into by and between Redflex
Traffic Systems, Inc ("Redflex"); a corporation with offices at 6047 Bristol Parkway 1st
Floor, Culver City, California 90230 ("Redflex"), and the City of Bakersfield, a
municipal corporation, with offices at 1501 Truxtun Avenue, Bakersfield, CA (the
"City").

WITNESSETH

WHEREAS, Redflex and the City have previously entered into an agreement dated
January 16th, 2008 (hereafter referred to as the "Agreement"); and

WHEREAS, under the Agreement, Redflex provides certain services to the City
concerning the use of traffic cameras to enforce certain traffic violations in order to
improve traffic safety by reducing red-light violations; and

WHEREAS, Redflex and the City wish to amend the Agreement as permitted by the
terms of the Agreement;

NOW THEREFORE, in consideration of mutual promises and obligations set forth
herein, the parties hereto agree as follows:

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

" From the executed date of this First Amendment, the term of this Agreement
will continue for a period of five (5) years (the "Initial Term"). The City shall
have the right, but not the obligation, to extend the term of the Agreement for
up to two (2) additional, consecutive two (2) year periods following the
expiration of the Initial Term (each, a "Renewal Term" and collectively with
the Initial Term, the ("Term"). The City may exercise the right to extend the
term of this Agreement for a Renewal Term by providing written notice to
Redflex 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. "Exhibit "D" COMPENSATION AND PRICING" is replaced in its
entirety with the attached revised Exhibit "D" signed by the City and
Redflex attesting to the agreed changes. Revised Exhibit "D" shall
become operative upon the executed date of this Amendment.

All other provisions of the Agreement shall remain in effect.

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

"City"

"Redflex"

CITY OF BAKERSFIELD

REDFLEX TRAFFIC SYSTEMS, INC.,

By: [Signature]
Name: HARVEY L. HALL
Title: MAYOR

By: [Signature]
Name: Aaron Rosenberg, PhD
Title: Executive Vice President

APPROVED AS TO FORM:
VIRGINIA GENNARO
City Attorney

By: [Signature]

Insurance: [Signature]

APPROVED AS TO CONTENT:
BAKERSFIELD POLICE DEPARTMENT

By: [Signature]
WILLIAM R. RECTOR
Chief of Police

COUNTERSIGNED:

By: [Signature]
NELSON SMITH
Finance Director

Attachment: Exhibit D



EXHIBIT "D"
COMPENSATION & PRICING

1. Commencing on the executed date of this First Amendment, and on the expiration of the Warning Period for each Designated Intersection Approach, City shall be obligated to pay Redflex the following schedule of fees:

Fixed Fee

Commencing on the execution of this agreement City shall be obligated to pay Redflex a fixed fee for each Existing Designated Intersection:

Tier 1: Fixed Fee of \$1,000 per month for each of the following approaches:

Chester and Brundage, Northbound
Coffee and Truxtun, Straight Through lanes, Southbound
Coffee and Truxtun, Turn Lanes, Southbound
California Avenue and Oak Street, Eastbound

Note: Where improvements or additional lanes (right turns) are added the intersection will automatically revert to Tier 2 Fixed Fee.

Tier 2: Fixed Fee of \$4,200 per month for each of the following approaches

California Avenue and Stockdale, Southbound
California Avenue and Stockdale, Eastbound
California Avenue and Oak Street, Northbound
Ming and Real, Westbound
Ming and Highway 99, Eastbound
Oswell and Bernard, Northbound
White Ln and Wible Road, Eastbound
White Ln and Wible Road, Southbound

Redflex will upgrade existing systems to include Streaming Video at no cost to the City for all approaches. Upgrades to occur no later than end June 2008.

Upon mutual agreement that upgrades to existing cameras would significantly improve the prosecution of violations, Redflex will upgrade face cameras to those approaches listed under Tier Two, where appropriate at no additional cost to the city.

Tier 3: New approaches:

At the expiration of the Warning Period for each Designated Intersection Approach, City shall be obligated to pay Redflex a fixed fee of \$6070.00 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 City - City will never be required to pay Redflex more than actual cash received from automated red light violations.

The City 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 herein, 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 City up to the amount of cash received by City through the collection of red light citation (from automated red light violations) up to the amount currently due.
3. Cost neutrality will be reconciled and any necessary adjustments made at the end of the contract.
4. Cost neutrality is guaranteed except as follows:
 - ? If police fail to approve violations by the due date, in good faith and due diligence.
 - ? If systems are de-activated due to City requirement.
 - ? If collections are not reasonably pursued, unless despite attempts by the city to encourage collections by the courts the courts fail to pursue collections.
 - ? The city fails to enforce right turn violations (from automated red light violations), in good faith and due diligence, if and when systems are configured for this purpose as mutually agreed between Redflex and the City.

City Operating Costs

Any gross cash receipts received by the City from Kern County Superior Court through the collection of red light citations shall first be applied to the City's monthly program operating costs ("City Operating Costs") which has been established at \$250 per Operational Approach per month. In order to ensure cost neutrality to the City, City will only be obliged to pay Redflex from the gross cash receipts received from Kern County Superior Court after first withholding City Operating Costs. In the event that balance remains unpaid due to a deficit in gross cash received by the City compared to the invoiced amount, City will provide Redflex, with payments, an accounting of such amounts supporting non payment of full invoiced amount and balance remaining.

Example:

Month 1

Gross Revenue to City for month	\$30,000
Withheld Operating Cost (12 x \$250)	\$3,000
Balance	\$27,000
Redflex Invoice for month 1	\$37,600
Payment to Redflex	\$27,000

Check to Redflex for \$27,000 with accounting as above. Remaining balance of \$10,600 carried forward under Cost Neutrality provisions.

Month 2

Gross Revenue to City for month	\$56,000
Withheld Operating Cost (12 x \$250)	\$3,000
Balance	\$53,000
Redflex Invoice month 2	\$37,600
Balance unpaid month 1	\$10,600
Total Outstanding	\$47,600
Payment to Redflex	\$47,600

Check to Redflex for \$47,600 with accounting as above. No Remaining balance to carry forward this month under Cost Neutrality provisions and City retains balance of \$5,400.

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 based upon the Consumer Price Index (CPI) per the U.S. Department of Labor, Bureau of Labor Statistics (1982-1984 = 100) for West B/C (less than 1.5 million population) urban Wage Earners and Clerical Workers.
3. Except where a balance remains unpaid due to a deficit in the gross cash received as described herein, City 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.
4. The provision of all necessary communication, broadband and telephone services to the Designated Intersection Approaches will be the sole responsibility of Redflex.
5. The on-going supply of DSL or cable services to the Designated Intersections will be the sole responsibility of the City.
6. The on-going provision of any and all necessary electrical power to the Designated Intersection Approaches will be the sole responsibility of the City.
7. Redflex shall be solely responsible for installing required signage. Redflex 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 Vehicle Code, and City shall assist in

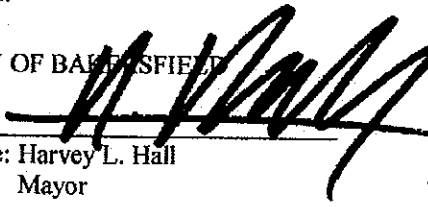
- determining the placement of such Signage. Redflex shall submit signage design drawings to the appropriate local authority for approval. Any changes or modifications to signage requirements will be the responsibility of the City.
8. Roadway/Intersection improvement projects: City shall reimburse Redflex the costs of replacing and or modification of operational system approaches.
 9. If a system is deactivated at the City's request due to roadway construction, the monthly fee will continue.

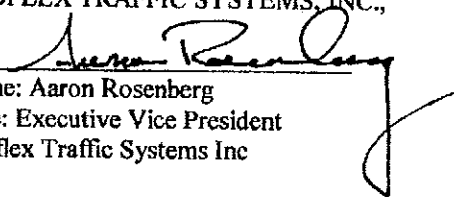
"City"

"Redflex"

CITY OF BAKERSFIELD

REDFLEX TRAFFIC SYSTEMS, INC.,

By: 
Name: Harvey L. Hall
Title: Mayor

By: 
Name: Aaron Rosenberg
Title: Executive Vice President
Redflex Traffic Systems Inc

