

**AMENDMENT NO. 1 TO SERVICE AGREEMENT
FOR PHOTO RED LIGHT ENFORCEMENT PROGRAM**

This Amendment No. 1 ("Amendment") is made as of the date of the last signature contained herein to the Agreement for Photo Red Light Enforcement Program (the "Agreement") executed on or about June 30, 2010, between Redflex Traffic Systems, Inc. ("Redflex"), a Delaware Corporation with offices located at 23751 N. 23rd Avenue, Suite 150, Phoenix Arizona 85085 and City of Fremont, a municipal corporation with offices at 3300 Capitol Avenue, Fremont, CA 94537, (the "Customer" or "City"), individually a "Party" and collectively referred to as the "Parties".

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 continue to engage the services of Redflex to provide certain equipment, processes and back office services so that Authorized Employees of the Customer are able to monitor, identify and enforce photo red light violations; and

WHEREAS, the Parties desire to modify and amend certain provisions of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other valuable consideration received, the receipt and sufficiency of which are hereby acknowledged, the Parties amend the Agreement as follows:

AMENDED TERMS AND CONDITIONS

1. Exhibit B item 2, **Increases to monthly fee per intersection** is deleted "*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.*"

Exhibit B item 2, **Increases to monthly fee per intersection** is amend to read, Each year, on the anniversary date of the contract, the pricing will increase by 2%.

2. **Enforceability of Non-Amended Terms and Conditions.** Except as expressly amended in writing in this Amendment, the terms and conditions of the Agreement and any and all amendments, attachments and exhibits attached thereto and incorporated herewith by reference shall be unchanged and shall remain enforceable and in full force and effect.

3. **Relationship Between Redflex and the City.** Nothing in this Amendment or the Agreement shall create, or be deemed to create, a partnership, joint venture and/or the relationship of principal and agent and/or employer and employee between the Parties. The

relationship between the Parties shall be that of independent contractors, and nothing contained herein shall permit, authorize, sanction and/or allow, at any time, either Party to incur any debts and/or liabilities on behalf of the other Party.

4. Headings. The captions, titles, paragraph headings used in this Amendment are for convenience only, and are not a part of this Amendment, and shall not be deemed relevant in construing and/or interpreting this Amendment.

5. Execution And Counterparts. This Amendment may be signed in counterparts, and each counterpart shall be deemed an original, but all of which shall constitute one and the same instrument. The Parties agree that such counterpart shall be effective and enforceable on or about the date of the last required signature.

6. Covenant of Further Assurances. All Parties to this Amendment shall take, undertake, approve, sanction, and perform, in full, any and all acts and activities and execute and deliver any and all certificates, documents, permits, licenses, agreements, contracts, written instruments and other papers deemed necessary and appropriate for successful and complete compliance with each and every term and condition of this Amendment.

7. Authority to Execute. The undersigned individuals hereby warrant and represent that they have full authority to execute this Amendment on behalf of the entities for which they have signed.

8. Legal Competence. The Parties hereto expressly represent and warrant that they are legally competent to execute this Amendment and that they do so of their own free will and accord without reliance on any representations of any kind or character not expressly set forth herein.

9. No Duress. The Parties expressly represent and warrant that this Amendment has been freely and voluntarily entered into and that the Parties did not execute this Amendment under duress of any kind, from any Party or person, regardless of whether they are a signatory hereto.

10. Joint Efforts. This Amendment has been prepared by the joint efforts of the respective attorneys for the Parties and each Party acknowledges and agrees that the general rule of contract construction providing that the provisions of a contract are to be strictly construed against the drafter of the agreement is hereby waived.

11. No Waiver. No waiver of any of the terms of this Amendment shall be binding unless in writing and signed by all Parties hereto. No waiver of any term of this Amendment shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

12. Severability. The invalidity or unenforceability of any paragraph or provision of this Amendment shall not affect the validity or enforceability of the remainder of this Amendment, or the remainder of any paragraph or provision. This Amendment shall be construed in all respects to the fullest extent permitted by law, and as if any invalid or unenforceable paragraph or provision was omitted.

13. Understanding. The Parties to this Amendment represent that they have received independent advice of counsel concerning the meaning and legal effect of the terms of this Amendment. After such counseling, the Parties represent that they fully understand this Amendment and its terms, and, with this full understanding, voluntarily enter into this Amendment as evidenced by signing it below. The Parties have read and understand all terms and conditions of this Amendment.

14. Binding Effect. This Amendment shall inure to the benefit of and be binding upon the assigns and successors of the respective Parties.

(The remainder of this page is left blank intentionally)

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as set forth below.

Approved as to form, content and legality:

The City of Fremont

By: Mark Danaj
Name: **MARK DANAJ**
Title: ~~City Manager~~ **Assistant City Manager**
Date:

Redflex Traffic Systems, Inc.:

By: Karen Finley
Name: Karen Finley
Title: Chief Executive Officer
Date: 4-27-12

APPROVED AS TO FORM:

[Signature]
~~Assistant City Attorney~~
~~Deputy~~
End of Document.

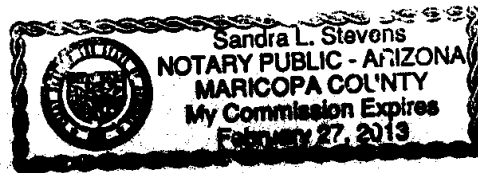
STATE OF _____)
County of _____)

SUBSCRIBED AND SWORN TO before me by the above-named authorized representative of Redflex Traffic Systems, Inc. this 27 of April, 2012.

[Signature]

Notary Public

My Commission Expires: 2/27/13





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/18/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER LIC #0726293 1-925-299-1112
Arthur J. Gallagher & Co.
Insurance Brokers of California, Inc.
3697 Mt. Diablo Boulevard, Suite 300
Lafayette, CA 94549
Robert J. Marrone
INSURED
Redflex Traffic Systems, Inc.
23751 N. 23rd Avenue, Suite 150
Phoenix, AZ 85085-1854

CONTACT NAME: Certificate Department
PHONE (A/C No, Ext): 925-299-1112 FAX (A/C No): 925-953-6270
E-MAIL ADDRESS: eastbaycerts@AJG.COM
INSURER(S) AFFORDING COVERAGE NAIC #
INSURER A: WAUSAU UNDERWRITERS INS CO [AMBest: A, XV] 26042
INSURER B: LIBERTY MUT FIRE INS CO [AMBest: A, XV] 11748
INSURER C: SAVERS PROP & CAS INS CO [AMBest: A, IX] 16551
INSURER D:
INSURER E:
INSURER F:

(925) 299-0328

COVERAGES CERTIFICATE NUMBER: 27186914 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR LTR	TYPE OF INSURANCE	ADD. SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> STOP GAP: WA, OH GEN'L AGGREGATE LIMIT APPLIES PER POLICY <input checked="" type="checkbox"/> PROJ <input checked="" type="checkbox"/> LOC	X	TBJ-291-453980-032	04/01/12	04/01/13	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Each occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> COMP/COLL <input checked="" type="checkbox"/> DED*: \$1,000		ASJ-291-453980-022	04/01/12	04/01/13	COMBINED SINGLE LIMIT (Each accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ -< *HARD Ded \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$10,000		TH7-291-453980-042	04/01/12	04/01/13	EACH OCCURRENCE \$ 19,000,000 AGGREGATE \$ 19,000,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N N/A If yes, describe under DESCRIPTION OF OPERATIONS below		WCJ-291-453980-072	04/01/12	04/01/13	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	PROFESSIONAL/CYBER LIAB. (See attached Suppl. Page...)		PL 0641009	04/01/12	04/01/13	\$50K SIR (Each/Agg 2,000,000)

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
RE: Activities performed by or on behalf of the permittee or contractor as required by contract. ADDITIONAL INSURED(S):
The City of Fremont, its elected officials, employees and agents as required by written contract.

CERTIFICATE HOLDER
City of Fremont
Police Dept. - Traffic Section
2000 Stevenson Blvd.
Fremont, CA 94538
USA

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
AUTHORIZED REPRESENTATIVE
Robert J. Marrone

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**LIBERTY DirectSolutions for Contractors
(with Professional Liability)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This endorsement modifies insurance by broadening the insurance provided by CG 00 01.

Index of modified items:

Item 1 - REASONABLE FORCE
Item 2. - NON-OWNED WATERCRAFT EXTENSION
Item 3. - ALIENATED PREMISES
Item 4. - PROPERTY IN YOUR CARE, CUSTODY OR CONTROL
Item 5. - CONTRACTORS PROFESSIONAL LIABILITY
Item 6. - DAMAGE TO PREMISES RENTED TO YOU - EXPANDED COVERAGE
Item 7. - BODILY INJURY TO CO-EMPLOYEES
Item 8. - HEALTH CARE PROFESSIONALS AS INSURED
Item 9. - NEWLY FORMED OR ACQUIRED ENTITIES
Item 10. - BLANKET ADDITIONAL INSURED AND WAIVER OF SUBROGATION—MANAGERS OR LESSORS OF PREMISES
Item 11. - EXPANDED BLANKET ADDITIONAL INSURED AND WAIVER OF SUBROGATION (FOR INSTALLATION EXPOSURES)
Item 12. - BLANKET ADDITIONAL INSURED AND WAIVER OF SUBROGATION - PERSON OR ORGANIZATION
Item 13. - ADDITIONAL INSURED - ARCHITECTS, ENGINEERS OR SURVEYORS
Item 14. - ADDITIONAL INSURED - STATE, MUNICIPALITY OR POLITICAL SUBDIVISION - PERMITS
Item 15. - ADDITIONAL INSURED AND WAIVER OF SUBROGATION - LESSOR OF LEASED EQUIPMENT
Item 16. - KNOWLEDGE OF OCCURRENCE
Item 17. - UNINTENTIONAL ERRORS AND OMISSIONS
Item 18. - BODILY INJURY REDEFINITION
Item 19. - MOBILE EQUIPMENT REDEFINITION
Item 20. - SUPPLEMENTARY PAYMENTS
Item 21. - LIBERALIZATION

These changes broaden the policy sections described unless differing language is separately endorsed to the coverage part.

Item 1. - REASONABLE FORCE

Exclusion a. of Coverage A is replaced by the following:

- a. Expected or Intended Injury
"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

Item 2. - NON-OWNED WATERCRAFT EXTENSION

Subparagraph g.(2) of Exclusion g. of Coverage A (Section I - Coverages) is replaced by the following:

- (2) A watercraft you do not own that is:
 - (a) Less than 55 feet long; and
 - (b) Not being used for public transportation or as a common carrier.

Item 3. - ALIENATED PREMISES

1. Subparagraph j.(2) of Exclusions of Section I - Coverages - Bodily Injury And Property Damage Liability is replaced by the following:

- (2) Premises you sell, give away, or abandon, if the "property damage" arises out of any part of those premises, and occurs from hazards that were known by you, or should have reasonably been known by you, at the time the property was transferred or abandoned.

Item 4. - PROPERTY IN YOUR CARE, CUSTODY OR CONTROL

1. Subparagraphs (3) and (4) of exclusion j. of coverage A. do not apply except to
- (a) borrowed equipment, or
 - (b) "property damage" to property in your care, custody and control while in transit.

This insurance does not apply to any portion of a loss for which the insured has available any other valid and collectible insurance, whether primary, excess, contingent, or on any other basis, unless such other insurance was specifically purchased by the insured to apply in excess of this policy.

2. Limits of Insurance

Subject to Paragraphs 2., 3., and 5. of Section III – Limits Of Insurance, the most we will pay for insurance provided by paragraph 1., above is:

- \$10,000 Each Occurrence Limit
- \$25,000 Aggregate Limit

The Each Occurrence Limit for this coverage applies to all damages as a result of any one "occurrence" regardless of the number of persons or organizations who sustain damage because of that "occurrence."

The Aggregate Limit is the most we will pay for the sum of all occurrences covered by this provision.

Item 5. – CONTRACTORS PROFESSIONAL LIABILITY

The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or failure to render any professional services by you, but only with respect to your providing engineering, architectural or surveying services in your capacity as an engineer, architect or surveyor.

Professional services include:

1. Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, or drawings and specifications; and
2. Supervisory or inspection activities performed as part of any related architectural or engineering activities.

This exclusion does not apply to your operations in connection with construction work performed by you or on your behalf.

Item 6. - DAMAGE TO PREMISES RENTED TO YOU - EXPANDED COVERAGE

A. Fire, Lightning Or Explosion Damage

The last paragraph of 2. Exclusions under Section I – Coverage A is replaced by the following:

Exclusions c. through n. do not apply to damage to premises rented to you or temporarily occupied by you with permission of the owner when the damage is caused by fire, lightning, or explosion or subsequent damages resulting from such fire, lightning or explosion, including water damage. A separate limit of insurance applies to this coverage as described in Section III – Limits of Insurance.

B. Limits for Damage to Premises Rented to You

Paragraph 6. of Section III – Limits of Insurance is replaced by the following:

Subject to 5. above, the Damage to Premises Rented to You Limit is the most we will pay under Coverage A for any combination of:

- (a) damage caused by fire, lightning, or explosion or subsequent damages resulting from such fire, lightning or explosion, including water damage to premises rented to you, or temporarily occupied by you with permission of the owner; and
- (b) "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days.

Item 7. - BODILY INJURY TO CO-EMPLOYEES

1. Subject to the Each Occurrence Limit and the General Aggregate Limit, Paragraphs 2.a.(1)(a), (b) and (c) of Section II – Who Is An Insured do not apply to your supervisory or management "employees" for "bodily injury" only.
2. Subject to the Each Occurrence Limit and the General Aggregate Limit, Paragraphs 2.a.(1)(a), (b) and (c) of Section II – Who Is An Insured do not apply to your "employees" or "volunteer workers" for "bodily injury" arising out of a Good Samaritan act to a co-"employee" or co-"volunteer worker." A Good Samaritan act means an attempt to rescue or aid a person in imminent or serious peril, provided the attempt is not recklessly made.

Damages owed to an injured co-"employee" or "volunteer worker" will be reduced by any amount paid or available to the injured co-"employee" or "volunteer worker" under any other valid and collectible insurance.

Item 8. - HEALTH CARE PROFESSIONALS AS INSUREDS

Paragraph 2.a. (1) (d) of Section II – Who Is An Insured is deleted unless:

- (i) You are engaged in the occupation or business of providing or offering medical, surgical, dental, x-ray or nursing services, treatment, advice or instruction; or
- (ii) The "employee" has any other insurance that would also cover claims arising under this provision, whether the other insurance is primary, excess, contingent or on any other basis.

Item 9. - NEWLY FORMED OR ACQUIRED ENTITIES

Paragraph 3. of Section II – Who Is An Insured is replaced by the following:

3. Any organization, other than a joint venture, you newly acquire or form and over which you maintain majority ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization.
 - a. Coverage under this provision is afforded only until
 - i. the 180th day after you acquire or form the organization; or
 - ii. separate coverage is purchased for the organization; or
 - iii. the end of the policy period,
 whichever is earlier.
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any past partnership, current or past joint venture or past limited liability company that is not shown as a Named Insured in the Declarations.

Item 10. - BLANKET ADDITIONAL INSURED AND WAIVER OF SUBROGATION—MANAGERS OR LESSORS OF PREMISES

A. Section II – Who Is An Insured is amended to include as an insured any manager or lessor of premises leased by you in which the written lease agreement obligates you to procure additional insured coverage, provided that:

1. the "bodily injury", "property damage" or "personal and advertising injury" giving rise to liability occurs subsequent to the execution of the agreement; and
2. the written agreement is in effect at the time of the "bodily injury", "property damage", "personal and advertising injury" for which coverage is sought.

That person or organization shall be referred to as the additional insured.

The coverage afforded to the additional insured is limited to liability in connection with the ownership, maintenance or use of the premises leased to you and caused, in whole or in part, by some negligent acts or omissions of you, your employees, your agents, or your subcontractors. There is no coverage for the additional insured for "bodily injury", "property damage" or "personal and advertising injury" arising out of the sole negligence of the additional insured or by those acting on behalf of the additional insured, except as provided below.

If the written agreement to indemnify an additional insured requires that you indemnify the additional insured for its sole negligence, then the coverage for the additional insured shall conform to that agreement; provided, however, that the contractual indemnification language of the agreement is valid under the law of the state where the agreement was formed. If the written agreement provides that a particular state's law will apply, then such provision will be honored.

B. Waiver Of Subrogation

For any additional insured that obtains insured status on this policy through paragraph A., above, we waive any right of recovery we may have against the additional insured because of payments we make for "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies.

C. Exclusions

This insurance does not apply to:

1. Any "occurrence" that takes place after you cease to be a tenant in that premises.
2. Any construction, renovation, demolition or installation operations performed by or on behalf of the Additional Insured.
3. Any premises for which coverage is excluded by endorsement.

D. Other Insurance

The insurance provided by this endorsement applies only to coverages and limits of insurance required by written agreement, but in no event exceeds either the scope of coverage or the limits of insurance available within this policy.

This insurance shall be excess over any other insurance available to the additional insured, whether such insurance is on an excess, contingent or primary basis, unless you are obligated under a written agreement to provide liability insurance for that additional insured on any other basis. In that event, this policy will apply solely on the basis required by such written agreement.

To the extent that the additional insured has the right to pursue any other insurance carrier for coverage, including a defense, we shall share that right with the additional insured.

Item 11. - EXPANDED BLANKET ADDITIONAL INSURED AND WAIVER OF SUBROGATION (FOR INSTALLATION EXPOSURES)

A. Section II - Who Is An Insured is amended to include as an insured any person or organization to whom you are obligated by a written agreement to procure additional insured coverage, provided that:

1. the "bodily injury," "property damage," or "personal and advertising injury" giving rise to liability occurs subsequent to the execution of the written agreement; and
2. the written agreement is in effect at the time of the "bodily injury," "property damage," or "personal and advertising injury" for which coverage is sought.

That person or organization shall be referred to as the additional insured.

The coverage afforded to the additional insured is limited to liability caused, in whole or in part, by the negligent acts or omissions of you, your employees, your agents, or your subcontractors, in the performance of your ongoing operations.

This insurance does not apply to "bodily injury," or "property damage," "personal and advertising injury" arising out of "your work" included in the "products-completed operations hazard" unless you are required to provide such coverage for the additional insured by the written agreement, and then only for the period of time required by the written

agreement and only for liability caused, in whole or in part, by the negligent acts or omissions of you, your employees, your agents, or your subcontractors.

There is no coverage for the additional insured for "bodily injury", "property damage" or "personal and advertising injury" arising out of the sole negligence of the additional insured or by those acting on behalf of the additional insured, except as provided below.

If the written agreement to indemnify an additional insured requires that you indemnify the additional insured for its sole negligence, then the coverage for the additional insured shall conform to that agreement; provided, however, that the contractual indemnification language of the agreement is valid under the law of the state where the agreement was formed. If the written agreement provides that a particular state's law will apply, then such provision will be honored.

B. Waiver Of Subrogation

For any additional insured that obtains insured status on this policy through paragraph A., above, we waive any right of recovery we may have against the additional insured because of payments we make for "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies.

C. Exclusions

With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply:

1. to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:
 - a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - b. Supervisory, inspection, architectural or engineering activities.
2. to "bodily injury" or "property damage" that occurs during the ongoing operations of a project where you have purchased an Owners & Contractors Protective Liability or Railroad Protective Liability Policy for the additional insured.
3. when coverage is available under a consolidated (wrap up) insurance program in which you are involved.

D. Other Insurance

The insurance provided by this endorsement applies only to coverages and limits of insurance required by written agreement, but in no event exceeds either the scope of coverage or the limits of insurance available within this policy.

This insurance shall be excess over any other insurance available to the additional insured, whether such insurance is on an excess, contingent or primary basis, unless the written agreement with you requires that the insurance provided for the additional insured be primary concurrent or primary non-contributory, in comparison to the additional insured's own policy or policies.

To the extent that the additional insured has the right to pursue any other insurance carrier for coverage, including a defense, we shall share that right with the additional insured.

Item 12. - BLANKET ADDITIONAL INSURED AND WAIVER OF SUBROGATION - PERSON OR ORGANIZATION

A. Section II - Who Is An Insured is amended to include as an additional insured any person or organization to whom you are obligated by a written agreement to procure additional insured coverage, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with premises owned by you

provided that:

- (a) the "bodily injury", "property damage" or "personal and advertising injury" giving rise to liability occurs subsequent to the execution of the agreement; and
- (b) the written agreement is in effect at the time of the "bodily injury", "property damage", "personal injury" or "advertising injury" for which coverage is sought.

That person or organization shall be referred to as the additional insured.

There is no coverage for the additional insured for "bodily injury", "property damage" or "personal and advertising injury" arising out of the sole negligence of the additional insured or by those acting on behalf of the additional insured, except as provided below.

If the written agreement to indemnify an additional insured requires that you indemnify the additional insured for its sole negligence, then the coverage for the additional insured shall conform to that agreement; provided, however, that the contractual indemnification language of the agreement is valid under the law of the state where the agreement was formed. If the written agreement provides that a particular state's law will apply, then such provision will be honored.

B. Waiver Of Subrogation

For any additional insured that obtains insured status on this policy through paragraph A., above, we waive any right of recovery we may have against the additional insured because of payments we make for "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies.

C. Exclusions

This insurance does not apply to:

1. Any premises or equipment leased to you.
2. Any construction, renovation, demolition or installation operations performed by or on behalf of you, or those operating on your behalf.

D. Other Insurance

The insurance provided by this endorsement applies only to coverages and limits of insurance required by written agreement, but in no event exceeds either the scope of coverage or the limits of insurance available within this policy.

This insurance shall be excess over any other insurance available to the additional insured, whether such insurance is on an excess, contingent or primary basis, unless you are obligated under a written agreement to provide liability insurance for that additional insured on any other basis. In that event, this policy will apply solely on the basis required by such written agreement.

To the extent that the additional insured has the right to pursue any other insurance carrier for coverage, including a defense, we shall share that right with the additional insured.

Item 13. - ADDITIONAL INSURED - ARCHITECTS, ENGINEERS OR SURVEYORS

A. Section II - Who Is An Insured is amended to include as an additional insured any architect, engineer, or surveyor engaged by you but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In connection with your premises; or
2. In the performance of your ongoing operations.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services by or for you, including:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
2. Supervisory, inspection, architectural or engineering activities.

Item 14. - ADDITIONAL INSURED - STATE, MUNICIPALITY OR POLITICAL SUBDIVISION - PERMITS

Section II - Who Is An Insured is amended to include as an additional insured any state, municipality or political subdivision with respect to any operations performed by you, or on your behalf, for which the state, municipality or political subdivision has issued a permit

However, this insurance does not apply to:

1. "Bodily injury," "property damage" or "personal and advertising injury" arising out of operations performed for the state, municipality or political subdivision; or
2. Any "bodily injury" or "property damage" included within the "products-completed operations hazard", except when required by written contract or agreement initiated prior to loss; or
3. "Bodily injury," "property damage" or "personal and advertising injury," unless negligently caused, in whole or in part, by you or those acting on your behalf.

Item 15. - ADDITIONAL INSURED AND WAIVER OF SUBROGATION – LESSOR OF LEASED EQUIPMENT

- A. Section II - Who Is An Insured** is amended to include as an additional insured any person or organization from whom you lease equipment when you and such person or organization have agreed in a written agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

There is no coverage for the additional insured for "bodily injury", "property damage" or "personal and advertising injury" arising out of the sole negligence of the additional insured or by those acting on behalf of the additional insured.

A person's or organization's status as an additional insured under this endorsement ends when the agreement with you for such leased equipment ends.

B. Waiver of Subrogation

For any additional insured that obtains insured status on this policy through paragraph A., above, we waive any right of recovery we may have against the additional insured because of payments we make for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

C. Other Insurance

This insurance shall be excess over any other insurance available to the additional insured, whether such insurance is on an excess, contingent or primary basis, unless you are obligated under a written agreement to provide liability insurance for that additional insured on any other basis. In that event, this policy will apply solely on the basis required by such written agreement.

To the extent that the additional insured has the right to pursue any other insurance carrier for coverage, including a defense, we shall share that right with the additional insured.

Item 16. - KNOWLEDGE OF OCCURRENCE

Subparagraph 2.a., b. and c. of Condition 2. Section IV – Commercial General Liability Conditions are amended to add the following:

As used in this paragraph, the word "you" refers to an "executive officer", partner, member or legal representative, and any other "employee" with insurance or risk management responsibilities.

Item 17. - UNINTENTIONAL ERRORS AND OMISSIONS

Paragraph 6. of Section IV – Commercial General Liability Conditions is amended to add the following:

Any unintentional error or omission in the description of, or failure to completely describe, any premises or operations intended to be covered by this policy will not invalidate or affect coverage for those premises or operations. However, you must report such error or omission to us as soon as practicable after its discovery.

This provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

Item 18. - BODILY INJURY REDEFINITION

The definition of "bodily injury" in Section V - Definitions is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person. It includes death or mental anguish, which results at any time from such physical harm, physical sickness or physical disease. Mental anguish means any type of mental or emotional illness or distress.

Item 19. - MOBILE EQUIPMENT REDEFINITION

Paragraph 12. f.(1) (a), (b) and (c) of Section V - Definitions does not apply to self-propelled vehicles of less than 1000 pounds gross vehicle weight.

Item 20. - SUPPLEMENTARY PAYMENTS

Section I - Coverages, Supplementary Payments - Coverages A and B, item 1. b. and 1. d., respectively, are replaced with:

- b. Up to \$2,500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit" including substantiated loss of earnings up to \$500 a day because of time off from work.

Item 21. - LIBERALIZATION

Section IV - Commercial General Liability Conditions is amended to add the following:

10. Liberalization

If we adopt a change in our forms or rule which would broaden your coverage without an extra charge, the broader coverage will apply to this policy. This extension is effective upon the approval of such broader coverage in your state.

Dexter B. Jagg *Edward F. Hoff*
 SECRETARY PRESIDENT
Roland G. Hoff

Countersigned by

Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NOTICE OF CANCELLATION TO THIRD PARTIES

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE PART
 MOTOR CARRIER COVERAGE PART
 GARAGE COVERAGE PART
 EXCESS AUTOMOBILE LIABILITY INDEMNITY COVERAGE PART
 SELF-INSURED TRUCKER EXCESS LIABILITY COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 EXCESS COMMERCIAL GENERAL LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART

- A. If we cancel this policy for any reason other than nonpayment of premium, we will notify the persons or organizations shown in the Schedule below. We will send notice to the email or mailing address listed below at least 10 days, or the number of days listed below, if any, before the cancellation becomes effective. In no event does the notice to the third party exceed the notice to the first named insured.
- B. This advance notification of a pending cancellation of coverage is intended as a courtesy only. Our failure to provide such advance notification will not extend the policy cancellation date nor negate cancellation of the policy.

All other terms and conditions of this policy remain unchanged.

SCHEDULE

Name of Other Person(s) / Organization(s):	Email Address or mailing address:	Number Days Notice:
As required by written contract	Per schedule on file with company	30 days

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**NOTICE OF CANCELLATION TO THIRD PARTIES**

This endorsement modifies insurance provided under the following:

WORKERS COMPENSATION AND EMPLOYERS LIABILITY COVERAGE PART

- A.** If we cancel this policy for any reason other than nonpayment of premium, we will notify the persons or organizations shown in the Schedule below. In no event does the notice to the third party exceed the notice to the first named insured.
- B.** This advance email notification of a pending cancellation of coverage is intended as a courtesy only. Our failure to provide such advance notification will not extend the policy cancellation date nor negate cancellation of the policy.

SCHEDULE		
Name of Other Person(s) / Organization(s):	Email Address or mailing address:	Number Days Notice:
As required by written contract	Per schedule on file with company	30-days

All other terms and conditions of this policy remain unchanged.

AGENCY CUSTOMER ID: _____

LOC #: _____



ADDITIONAL REMARKS SCHEDULE

Page ____ of ____

AGENCY Arthur J. Gallagher & Co. Insurance Brokers of California, Inc.		NAMED INSURED Redflex Traffic Systems, Inc. 23751 N. 23rd Avenue, Suite 150 Phoenix, AZ 85085-1854	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: _____ FORM TITLE: _____

THIRD PARTY FIDELITY COVERAGE

Carrier: TRAVELERS CAS & SURETY CO OF AMER[A+,XV] NAIC#31194

Policy #: 105581275 | Effective: 04/01/2012 to 04/01/2013 | Limit: \$500,00 single loss limit for Employee Theft of Client Property | Retention: \$10,000

PROPERTY COVERAGE

Carrier: LIBERTY MUTUAL FIRE INS CO [AMBest: A,XV] NAIC#23035

Policy #: YU2-L9L-453980-062 | Effective: 04/01/2012 to 04/01/2013

Blanket Personal Property: \$23,155,000 | Installation-PP/PPO: \$1,000,000 | Installation / Transit: \$250,000

SUPPLEMENT TO CERTIFICATE OF INSURANCE

DATE
05/18/2012

NAME OF INSURED: Redflex Traffic Systems, Inc.

Additional Description of Operations/Remarks from Page 1:

Additional Information:

GENERAL LIABILITY:

- * Separation of Insureds applies per policy form.
- * Additional Insured if required by written contract per attached form LG3234 0907.
- * Coverage is Primary & Non-Contributory if required by written contract per form LG3234 0907.