



SCHEDULE T
CONTRACT SUMMARY TRANSMITTAL*

07-0149

FOR USE BY ALL CITY AGENCIES AND DEPARTMENTS FOR PROCUREMENT, CONSTRUCTION AND PROFESSIONAL SERVICES CONTRACTS

1. Agency: POLICE Department: POLICE
2. Project Name: RED LIGHT CAMERA Project Amount:
3. Budget / Funding**: Fund #: Org #: Account #: Project #: Program #:
4. Project Manager / Responsible Employee Name: ANTHONY BANKS
Title: LIEUTENANT Phone: 777-8637 email: abanks@oaklandnet.com
5. Supervisor / Direct Report or Alternate Employee Contact:
Name: DAVID KOZICKI Phone: 238-7237 email: dakozicki@oaklandnet.com
6. Consultant / Contractor Name: RED FLEX TRAFFIC SYSTEMS
Address: 15020 N. 74TH ST SCOTTSDALE, AZ 85260 Phone: 480-607-0705 email: www.redflex.com
7. Type of Contract (Mark X): Professional Service: X Construction: Commodities: Technology: X
8. Statement of Contract Goal / Purpose: To install and manage red light camera enforcement
9. Actual or Estimated Notice To Proceed (NTP) Date: 11/11/07 Estimated Completion Date: 11/11/12
10. Resolution Number: 80789 Resolution Date: JUNE 14, 2007
11. Location of the Contract Documents: 2365 73RD Ave, OAKLAND, CA 94612

THIS PORTION MUST BE COMPLETED BY THE AGENCY / DEPARTMENT AND/OR THE PROJECT MANAGER

Insert language below regarding the evaluation of performance and/or audit requirements. For example; This contract is subject to an independent audit initiated by the City of Oakland and/or this contract will be evaluated quarterly according to the deliverables defined below.

Please attach separate sheets if required.

Table with 2 columns: Requirement (Performance Evaluation, Inspection Requirement, Fiscal Reporting Requirement, Audit Requirement) and Value (Refer to contract). Includes stamp: 2007 OCT -5 PM 5:10 OFFICE OF THE CITY CLERK OAKLAND

Table with 5 columns: Deliverables, Date Due, Completion Date, Responsible Source (Prime, Sub, Supplier, Other), Performance. Row 1: Refer to Contract.

City Representative: DEPUTY CHIEF DAVID KOZICKI (Please Print) Date: 10/5/07
City Representative Signature: [Signature]

City Clerk: [Signature] (Please Print) Date: 10/5/07
City Clerk Signature: [Signature]

* Must be attached to the signed Contract / Agreement and the First and Final (last) Payment Requests

** Multiple Funding Sources: Complete Additional Funding Section on Page 2

CONTRACT SUMMARY TRANSMITTAL PROCEDURE

Note: This Contract Summary Transmittal form must be completed and attached to the signed Contract / Agreement

Note: Agency / Department - Project Managers are responsible and must ensure:

Contract Compliance and Employment Services performed the following:

- 1) Compliance Analysis
- 2) Equal Benefits Determination
- 3) Living Wage Determination



Note: Before submission of a Contract:

Schedule M (Part A and B) must be submitted to the City Attorney's Office for written approval

- 1) Consultant / Contractor must complete Schedule M – Part A
- 2) The City Agency / Department must complete Schedule M - Part B

Note: A photocopy of the completed Contract Summary Transmittal form must be attached to the first and final payment request:

- 1) Photocopy the front and back of the completed Contract Summary Transmittal form
- 2) Photocopy must be attached to the back-up documentation, on the first payment request and on the final payment request that is submitted to the Finance and Management Agency / Accounts Payable Section

Contract Transmittal Procedure	Date Received	Received Initials	Date Returned	Returned Initials
Contract: Send to the City Attorney's Office for First Review				
Contract: Send to the Consultant / Contractor				
Contract: Send to the City Attorney's Office for Final Signature	✓	10/3/07 	10/2/07	
Contract: Send to the Agency / Department Fiscal Services to Encumber Funds				
Contract: Send to the Finance and Management Agency / Purchasing Division ***				
Contract: Send to the Agency / Department for Director's Signature				
Contract: Send to City Administrator's Office for Approval (for contracts over \$15,000)				
Contract: Send to City Clerk's Office				

*** All Contracts are sent to the Finance and Management Agency / Purchasing Division to ensure the required Funds are encumbered. Funds that are not encumbered may result in a delayed payment to the Consultant and/or Contractor.

Additional Funding Section

Fund Number	Organization Number	Account Number	Project Number	Program Number

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

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

This Agreement (this "Agreement") is made as of this 31st day of August, 2007 by and between Redflex Traffic Systems, Inc. with offices at 6076 Bristol Parkway, Suite 105 Floor, Culver City, California 90230 ("Redflex" or the "Contractor"), and The City of Oakland a municipal corporation, with offices at One Frank H. Ogawa Plaza, Third Floor, Oakland, California, 94612 (the "Customer or the "City").

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 the 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 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 below shall have the following meanings:
 - 1.1. "Authorized Officer" means the sworn peace officer or a qualified employee of a law enforcement agency shall designate to review Potential Violations and to authorize the Issuance of Citations in respect thereto,
 - 1.2. "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.
 - 1.3. "Bid Specifications" means the Customer's September 4, 2006 Request for Proposals, Specification No. 06-0655-39-1 and the September 21, 2006 Addendum No. 1.
 - 1.4. "Citation" means the notice of a Violation, which is mailed or otherwise delivered by Redflex to the violator on the appropriate Enforcement Documentation in respect of each Authorized Violation.
 - 1.5. "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:

- 1.5.1. 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
- 1.5.2. 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.
- 1.5.3. 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 described, or (v) was required by applicable state law to be described.
- 1.6. "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.
- 1.7. "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.
- 1.8. "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 Judicial Council 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 .
- 1.9. "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, servers and poles.

- 1.10. “Fine” means a monetary sum assessed for Citation, including but not limited to bail forfeitures, but excluding suspended fines.
- 1.11. “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.
- 1.12. “Installation Date of the Photo Red Light Program” means the date on which Redflex completes the construction and installation of at least one (1) Intersection Approach in accordance with the terms of this Agreement so that such Intersection Approach is operational for the purposes of functioning with the Redlight Photo Enforcement Program.
- 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 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 five (5) 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 Redlight Photo Enforcement by the Customer.
- 1.15. “Operational Period” means the period of time during the Term, commencing on the Installation Date, 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.
- 1.16. “Person” means a natural individual, company, Governmental Authority, partnership, firm, corporation, legal entity or other business association.
- 1.17. “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 Intersection Approaches 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 counsel or other governing body of the Customer.

- 1.18. “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.
- 1.19. “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.
- 1.20. “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 Photo Red Light Enforcement 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.
- 1.21. “Redflex Project Manager” means the project manager appointed by Redflex in accordance with this Agreement, which project manager shall initially be Ray Torrez or such person as Redflex shall designate by providing written notice thereof to the Customer from time to time, who shall be responsible for overseeing the construction and installation of the Designated Intersection Approaches and the implementation the Photo Red Light Enforcement Program, and who shall have the power and authority to make management decisions relating to Redflex’s obligations pursuant to this Agreement, including but not limited to change-order authorizations.
- 1.22. “Redflex Proposal” means the October 2, 2006 response from Redflex Traffic Systems, Inc. to the Bid Specifications.
- 1.23. “Redflex Photo Red Light System” or “the System” means, collectively, the SMARTcam™ System, the SMARTops™ System, the SMARTscene™ System for 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 and other tangible and intangible property relating thereto.
- 1.24. “Photo Red Light Enforcement Program” means 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 sensor arrays which, collectively, are capable of measuring Violations and recording such Violation data in the form of photographic images of motor vehicles.

- 1.25. “Photo Redlight Violation Criteria” means 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.
 - 1.26. “SMARTcam™ System” means the proprietary digital redlight photo enforcement system of Redflex relating to the Photo Red Light Enforcement Program.
 - 1.27. “SMARTops™ System” means the proprietary back-office processes of Redflex relating to the Photo Red Light Enforcement Program.
 - 1.28. “SMARTscene™ System” means the proprietary digital video camera unit, hardware and software required for providing supplemental violation data.
 - 1.29. “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.
 - 1.30. “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.
 - 1.31. “Violations Data” means the images and other Violations data gathered by the Redflex System at the Designated Intersection Approaches.
 - 1.32. “Warning Period” means the period of thirty (30) days after the Installation Date of the first intersection approach.
2. **TERM.** The term of this Agreement shall commence as of the date hereof and shall continue for a period of three (3) years after the Installation Date (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 two (2) year periods following the expiration of the Initial Term (each, a “Renewal Term” and collectively with the Initial Term, the “Term”). The Customer 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.
 3. **LEASED PRODUCTS.** Redflex shall provide the Redflex Photo Red Light System, Equipment and any and all products related thereto as described in this Agreement, in accord with the terms and conditions of this Agreement, the Bid Specifications, and the Redflex Proposal. Within thirty (30) days of installation, Redflex will provide City with an inventory/listing of all products, hardware and equipment installed per this Agreement which includes a reasonable description, serial numbers (if available), or any other identifying marks or information, upon delivery and installation of the Photo Red Light Enforcement System.

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

4.1. Redflex Responsibilities:

4.1.1. General. Redflex shall perform its obligations hereunder in a professional and workmanlike manner and in accordance with the terms and conditions of this Agreement including its Exhibits, and consistent with the best prevailing commercial standards for this trade or industry. Redflex's obligations shall include the Services identified below which are more fully described in the Exhibits to this Agreement, and any other services to which the Parties may mutually agree from time to time in writing signed by an authorized representative of each Party. Contractor represents that Contractor has the qualifications and skills necessary to perform the services under this Agreement in a competent and professional manner without the advice or direction of the City. This means Contractor is able to fulfill the requirements of this Agreement. Failure to perform all of the services required under this Agreement will constitute a material breach of the Agreement and may be cause for termination of the Agreement. Contractor has complete and sole discretion for the manner in which the work under this Agreement is performed. Contractor shall complete and submit to City, Schedule M-Independent Contractor Questionnaire, prior to the execution of this Agreement to provide proof of corporate good standing. The particulars of the Professional Services are set out more fully in the Exhibits to this Agreement.

4.1.2. Redflex shall deliver and install the Photo Red Light Enforcement Program Software and Hardware at all Intersection Approaches, on the dates and times specified by the Customer pursuant to Exhibit B attached hereto, and shall ensure that the Photo Red Light Enforcement Program will be operational in accordance with the Bid Specifications.

4.1.3. Redflex assumes full responsibility for physically inspecting all the installation sites and Intersection Approaches and determining the technical parameters for successful installation of the Equipment.

4.1.4. Redflex shall, as necessary, be responsible for arranging the shipment of the Photo Red Light System components to and from the installation sites and Intersection Approaches, and for all shipping and insurance costs associated therewith, which are included in the price of the Photo Red Light Enforcement System. Redflex shall also be responsible for determining that all Deliveries are complete and contain the correct Deliverables, for unpacking System components, and for removal of all debris and packing materials from the Intersection Approaches and installation sites resulting from the installation of the System.

- 4.2. INSTALLATION. With respect to the construction and installation of (1) the Designated Intersection Approaches and the installation of the Redflex System at such Designated Intersection Approaches, the Customer and Redflex shall have the respective rights and obligations set forth on Exhibit B attached hereto.
- 4.3. 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 attached hereto.
- 4.4. VIOLATION PROCESSING. During the Operational Period, Violations shall be processed as follows:
- 4.4.1. All Violations Data shall be stored on the Redflex System;
- 4.4.2. 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;
- 4.4.3. System shall be accessible by the Authorized Officer through a SSL secure connection by use of a confidential password on any computer equipped with a high-speed internet connection and an approved web browser;
- 4.4.4. 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
- 4.4.5. 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, and 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;
- 4.4.6. 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;
- 4.4.7. Redflex shall provide a toll-free telephone number for the purposes of answering citizen inquiries
- 4.4.8. Redflex shall permit the Authorized Officer to generate monthly reports using the Redflex Standard Report System, including:
- 4.4.8.1. Program Statistics Issuance Rate Report,
- 4.4.8.2. Location Performance Summary Report,
- 4.4.9. 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;

4.4.10. During the six (6) month period following the Installation Date and/or upon Redflex's receipt of a written request from the Customer at least fourteen (14) calendar days in advance of 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; and

4.4.11. During the three (3) month period following the Installation Date, 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. Additional on-site training will be provided upon Customer request at no additional cost.

4.5. 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. Redflex shall not be entitled to compensation for any particular Intersection Approach until after the Photo Red Light Enforcement Program or System at that location is functional and operating, and the 30-day Warning Period for each Designated Intersection Approach has expired.

4.6. 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.

4.7. 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 Bid 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 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 involves only the addition of equipment or services to the

existing Designated Intersection Approaches, or the addition of Intersection Approaches to be covered by the terms of this Agreement, to the maximum extent applicable, 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, and any disagreement shall be resolved in accordance with Section 10.

5. LICENSE; RESERVATION OF RIGHTS.

- 5.1. 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 Oakland, California, 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 Oakland, California 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.
- 5.2. 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.
- 5.3. 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.
- 5.4. 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.

5.5. 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 the Redflex Marks or any of Redflex's Intellectual Property or that 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 and to make settlements with respect thereto. In the event that Redflex commences any enforcement action under this Section 5.5, then the Customer shall render to Redflex such reasonable cooperation and assistance as is reasonably requested by Redflex, to the extent such cooperation and assistance does not conflict with the Customer's interests, and Redflex shall be entitled to any damages or other monetary amount that might be awarded after deduction of actual costs; provided, that Redflex shall reimburse the Customer for any reasonable costs incurred in providing such cooperation and assistance.

5.6. Infringing Use. The Customer shall give Redflex prompt written notice of any action or claim 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 render to Redflex such reasonable cooperation and assistance as is reasonably requested by Redflex in the defense thereof; provided that such cooperation and assistance will not conflict with the Customer's interests, and that Redflex shall reimburse the Customer for any reasonable costs incurred in providing such cooperation and assistance. If such a claim is made, Redflex shall have 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.

6. REPRESENTATIONS AND WARRANTIES.

6.1. Redflex Representations and Warranties.

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

6.1.2. 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 Redflex System, subject to applicable law, in compliance with all Bid Specifications provided to Redflex by the Customer.

6.2. Warranty of Rights. Contractor warrants and represents that it owns and possesses all rights and interests in the Equipment necessary to enter into this

Agreement, and/or has the license rights, legal permission and authority with respect to any software used by Contractor to deliver any of the services or work called for under this Agreement, and that Contractor has the authority to convey and grant the licenses granted to City by Contractor under this Agreement, free and clear of any liens and encumbrances, and that the use of any Contractor Licensed Software, other software and any and all of the other products, work, and Deliverables produced by Contractor for City under this Agreement, will not infringe upon or violate any patent, copyright, trade secret, trademark, service mark, or other proprietary or intellectual property rights of any third party (“Intellectual Property Rights”). Contractor shall indemnify, defend (using counsel acceptable to City) and hold City, its City Council, its agents and employees harmless from any loss, damage, or liability for infringement or violation of any Intellectual Property Rights.

- 6.3. Protection Against Computer Viruses. Contractor warrants and represents that it understands the importance to the City of protecting all of its machine-readable data and information from all forms of surreptitious or malicious code, including computer viruses. Contractor shall adopt all current versions of all industry standard testing procedures designed to test for and exclude such surreptitious or malicious code from the Licensed Software, including the SMARTscene™, and all other software furnished by Contractor to the City in the expectation that such software shall be used in connection with any of the City’s computer systems. Contractor warrants that the Licensed Software and any other software shall be free from any back door, time bomb, drop dead-device, or other software routing designed to disable a computer program automatically with the passage of time or under the positive control of persons other than the City’s personnel.
- 6.4. Fitness For Intended Use. Contractor also warrants and represents that City is leasing PHOTO RED LIGHT ENFORCEMENT PROGRAM OR SYSTEM and Contractor’s Services in order to provide vital and essential services to the City’s Police Department for public safety purposes and that PHOTO RED LIGHT ENFORCEMENT PROGRAM OR SYSTEM must provide the functionality Contractor has represented it will and that Contractor’s Services must have the result that Contractor has represented they will. The functionality the City must have for PHOTO RED LIGHT ENFORCEMENT PROGRAM OR SYSTEM has been identified in the Bid Specifications and the Redflex Proposal. The functionality of monitoring, identification and enforcement of violations shall comprise the Fitness For Intended Use which shall be a material obligation of Contractor under this Agreement and Contractor’s failure to meet this obligation, if not cured by Contractor as provided in this Agreement (“Default and Termination”), will be a default by Contractor of its obligations hereunder for which the City may terminate Contractor.
- 6.5. Bankruptcy. All rights and licenses granted to City pursuant to this Agreement are, and shall be deemed to be, for purposes of Section 265(n) of the U.S. Bankruptcy Code, licenses of rights to “intellectual property” as defined under Section 101 of the U.S. Bankruptcy Code. In a bankruptcy or insolvency proceeding involving Contractor, the parties agree that City, as licensee of such rights, shall retain and fully exercise all of its rights and elections under the U.S.

Bankruptcy Code, and the provisions thereof shall apply notwithstanding conflict of law principles. The parties further agree that, in the event of the commencement of a bankruptcy or insolvency proceeding by or against Contractor under the U.S. Bankruptcy Code, City shall be entitled to a complete duplicate of any such intellectual property owned by Contractor and all embodiments of such intellectual property to which City would otherwise be entitled under this Agreement, and the same, if not already in City's possession, except for any existing credit arrangements whereby Contractor has pledged equipment and other assets, shall be promptly delivered to City (a) upon any such commencement of a bankruptcy proceeding upon written request therefore by City, unless Contractor elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under (a) above, upon rejection of this Agreement by or on behalf of Contractor upon written request therefore by City. If, in a bankruptcy or insolvency proceeding involving Contractor, the provisions of the U.S. Bankruptcy Code referenced above are determined not to apply, City shall nevertheless be entitled to no less than the protection offered by the provisions of the U.S. Bankruptcy Code with respect to its entitlement to and rights to the use and possession of all intellectual property to which City has been granted rights under this Agreement notwithstanding the bankruptcy or insolvency of Contractor.

6.6. Customer Representations and Warranties.

6.6.1. Authority. The Customer hereby warrants and represents that it has all right, power and authority to execute and deliver this Agreement and perform its obligations hereunder.

6.7. LIMITED WARRANTIES. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, REDFLEX MAKES NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, 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 INCLUDING, WITHOUT LIMITATION, THE UPTIME GUARANTEE SET FORTH IN EXHIBIT C, REDFLEX SHALL DILIGENTLY ENDEAVOR TO CORRECT ANY SUCH MALFUNCTION IN A COMMERCIALY REASONABLE MANNER AND IN ACCORD WITH THE MAINTANANCE AND RESPONSE TIME REQUIREMENTS SET FORTH IN THIS AGREEMENT.

7. TERMINATION.

7.1. 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 7.1(i) or 7.1(ii) above, Customer shall be relieved of any further obligations for payment to Redflex other than as specified in Exhibit "D".
- 7.2. If either party (a "Breaching Party") breaches or violates any obligation, term, condition or provision under this Agreement including, without limitation, failure to keep, observe or perform any of the material covenants, terms or conditions of this Agreement or Purchase Order, Change Order, or Change Notice, or of any Exhibit or Schedule hereto, then the other Party hereto (the "Non-Breaching Party") must first give the Breaching Party an opportunity to cure its breach as is provided in Section 7.3.
 - 7.3. Opportunity To Cure. When the non-breaching Party ("Non-Breaching Party") asserts a default, it will give the Breaching Party a written and detailed notice of the default ("Notice of Default"). The Breaching Party will have five (5) calendar days after receipt of the Notice of Default to dispute the Notice of Default and ten (10) calendar days after receipt of the Notice to provide a written plan to cure the default ("Cure Plan") that is acceptable to the Non-Breaching Party. These time limits shall run concurrently. Any dispute will be subject to the Dispute Resolution provisions in herein (Section 8 of this Agreement). If the Breaching Party provides a Cure Plan, it will begin implementing the Cure Plan immediately after receipt of the Non-Breaching Party's written approval of the Cure Plan. If the Breaching Party fails to provide a Cure Plan or the Non-Breaching Party does not the Cure Plan, then the Breaching Party will be in Default.
 - 7.4. Default by Contractor. If the breach is due to Contractor failing to provide and install functioning and operational Equipment, then Contractor's Cure Plan must, at a minimum, take such steps as are necessary to assure that the Equipment is functioning and operational.
 - 7.5. Contractor's Failure to Cure. In the event Contractor fails to cure its default as provided herein, City shall have the right to:
 - 7.5.1. Substitute Performance. City may elect to exercise its right to Substitute Performance. In such event, City may terminate this Agreement, complete the PHOTO RED LIGHT ENFORCEMENT PROGRAM OR SYSTEM through a third party, and recover from Contractor reasonable costs incurred to complete the PHOTO RED LIGHT ENFORCEMENT PROGRAM OR SYSTEM to a capability not exceeding that specified in this Agreement less the unpaid portion of the Contract Price. City agrees to use its best efforts to mitigate such costs and to provide Contractor with detailed invoices substantiating the charges.
 - 7.5.2. Removal. Alternatively, City may elect to terminate the Agreement and require Contractor) to remove the Equipment Contractor has installed to the point of termination, and Contractor shall refund to City all monies it has received from City under the Agreement.
 - 7.5.3. Partial Removal. Alternatively, City shall have the right to keep those PHOTO RED LIGHT ENFORCEMENT PROGRAM OR SYSTEM Deliverables which have been either Conditionally or Finally Accepted. Contractor shall be required to remove all other Deliverables and refund to

City all monies it has received from City under the Agreement for all Deliverables for which Contractor was not able to cure.

7.5.4. The rights and remedies of City provided in this Section 7.5 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

7.5.5. Customer's Failure to Cure. In the event City fails to cure its default as provided herein, Contractor shall have the right to (i) withhold performance under this Agreement, any Purchase Order, Change Order, or Change Notice until a date when the breach is cured, and/or (ii) terminate all or any part of this Agreement, Purchase Order, Change Order, or Change Notice, or Amendment.

7.5.6. Bankruptcy. Either party may immediately terminate this Agreement if (i) the other party files a petition for bankruptcy or has filed against it an involuntary petition for bankruptcy which remains undismissed for 60 days, (ii) a court has appointed a receiver, trustee, liquidator or custodian of it or of all or a substantial part of the other party's property, (iii) the other party becomes unable, or admits in writing its inability, to pay its debts generally as they mature, or (iv) the other party makes a general assignment for the benefit of its or any of its creditors.

7.6. Termination for Convenience by Customer. Customer may terminate this Agreement for any reason at any time upon not less than thirty (30) days' prior written notice to Contractor. After the date of such termination notice, Contractor shall not perform any further services or incur any further costs claimed to be reimbursable under this Agreement, any Purchase Order, Change Order, or Change Notice without the express prior written approval of City. As of the date of termination, City shall pay to Contractor all undisputed amounts then due and payable under this Agreement and an amount which the Parties shall agree upon which shall represent the proportion of all then uncompleted (or completed but not yet accepted) Deliverables or other goods or services which have been performed or delivered by Contractor at the time of such termination. In the event the Municipality terminates this Agreement without cause, the Municipality shall reimburse Redflex an amount equal to the unamortized cost, as hereinafter defined, of the direct labor costs and direct material costs (but not including equipment cost and salvageable material costs) solely associated with the installation of Intersection Approaches which have been installed prior to termination. The regular amortization schedule will be 36 months and will not exceed \$60,000.00 per Intersection Approach. Starting on day 31 after the first Installation Date of the Photo Redlight Program, the reimbursement obligation per Intersection Approach will be reduced by one thirty-sixth ($1/36^{\text{th}}$) for each month that passes.

7.7. The rights to terminate this Agreement given in this Sections 7.1 and 7.6 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.

7.8. 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 7.3, upon the termination of this Agreement, all of the provisions of this Agreement shall terminate and:

7.8.1. 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 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.

7.8.2. 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 of Redflex provided to the Customer pursuant to this Agreement, and (iii) promptly pay 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.

7.8.3. 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 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 camera systems, and Redflex shall restore the Designated Intersection Approaches to substantially the same condition such Designated Intersection Approaches were in immediately prior to this Agreement.

7.8.4. Transition Services after termination. In connection with the expiration or other termination of this Agreement or the expiration of this Agreement, Contractor may provide transition services, which does not include hardware, software or intersection infrastructure, as requested by Customer. Such transition services shall be subject to the pricing provided in this Agreement or any amendment thereto.

7.9. SURVIVAL. Notwithstanding the foregoing, the definitions and each of the following shall survive the termination of this Agreement: Sections 5.2 (Reservation of Rights), 6.1 (Redflex Representations and Warranties), 6.2 (Warranty of Rights), 6.4 (Fitness for Intended Use), 6.5 (Bankruptcy), 6.6

(Customer Representations and Warranties), 6.7 (Limited Warranty), 8 (Dispute Resolution), 9 (Confidentiality), 10 (Indemnification and Liability), 11 (Notices), 18.1 (Assignment), 18.18 (Applicable Law), 18.17 (Injunctive Relief; Specific Performance) and 18.19 (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.

8. DISPUTE RESOLUTION

- 8.1. The Parties agree to engage in non-binding mediation with respect to any dispute or disagreement arising out of or related to the Agreement prior to filing any arbitration demands or lawsuits. If any such dispute or disagreement among the Parties arises with respect to any provision of or interpretation of the Agreement, the Parties agree in good faith to attempt to resolve such dispute or disagreement (a "Dispute") prior to submitting the Dispute to mediation ("Pre-Mediation Dispute Resolution").
- 8.2. Any Party may commence a Pre-Mediation Dispute Resolution by giving notice, in writing, to any other Party, with a copy to all other Parties. Such notice shall include at least a description of the Dispute and any remedial action that the Party commencing the Dispute asserts would resolve the Dispute. The act of sending such notice shall toll all applicable statutes of limitation (including, but not limited to, requirements under the Government Code) until the completion of the mediation process described below. Upon receiving such notice, the Party against whom the Dispute is brought shall respond in writing within 10 Business Days. The Parties shall then meet and confer in a good faith attempt to resolve the Dispute.
- 8.3. If the Dispute has not been resolved within sixty (60) days, and unless the Party initiating the Dispute does not wish to pursue its rights relating to such Dispute or desires to continue the Pre-Mediation Dispute Resolution, then such Dispute will be automatically submitted to mediation. The mediation will be conducted in Alameda County by a single mediator selected by the Parties to the Dispute by mutual agreement. The mediator shall have ninety (90) days from the submission to mediation to attempt to resolve such Dispute. If the Dispute is not resolved within that time period, the parties will be entitled to pursue such matter by demanding arbitration or instituting litigation. The Parties to the Dispute shall evenly share the fees and costs of the mediator
9. **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 and any disclosure required by applicable law or authorized by the other party. Contractor acknowledges that Confidential Information may be considered public records and are subject to public disclosure upon a request under the California Public Records Act (California Government Code Section 6250 et seq., hereinafter the "Act"), or under the City of Oakland's Sunshine Ordinance. If Contractor's legal counsel has determined that certain portions of the Confidential Information contain actual proprietary or trade secret information which are exempt from disclosure under Section 6245.15 of the Act, or under the Sunshine Ordinance, the Contractor will clearly designate those portions of Confidential Information as such and City will attempt to maintain designated portions confidential. However, City may be required to disclose all or part of Confidential Information pursuant to a request from the public under the Act and/or the Sunshine Ordinance. City will disclose such information upon a request by any member of the public unless a California Court of law determines that all or any part of such Confidential Information is proprietary, or a trade secret, or otherwise exempt from disclosure under the Act or the Sunshine Ordinance. City will provide notice of any requests from the public for disclosure of Confidential Information under the Act, and Contractor will solely bear the burden of timely petitioning and proving to a California Court of law that all or part of Confidential Information is proprietary or trade secret information and thus exempt from disclosure under the Act or under the Sunshine Ordinance. Contractor agrees to defend City in any litigation with respect to the disclosure of any Contractor Confidential Information and will hold City harmless against any claims, attorneys' fees, damages, fines, judgments, or administrative penalties, which may arise from any such actions or requests for public disclosure of Contractor's Confidential Information under the Act or under the Sunshine Ordinance.

10. INDEMNIFICATION AND LIABILITY.

10.1. General Indemnification. Contractor shall indemnify, hold harmless, and (at City's request with Counsel acceptable to City), defend City, its Councilmembers, directors, officers, employees, agents, servants, and independent contractors (each of which persons and entities are collectively referred to herein as "Indemnitees") from any and all actions, causes of actions, claims, injuries (including, without limitation, injury to or death of an employee of Contractor or any of its structures), liabilities (of every kind, nature and description), losses, demands, debts, liens, obligations, judgments, administrative fines, damages, (incidental or consequential) costs, expenses, and attorneys' fees (collectively referred to herein as "Actions") caused by or arising out of:

- 10.1.1. a breach of Contractor's obligations, representations or warranties under this Agreement,
- 10.1.2. any act or failure to act in the course of performance by Contractor under this Agreement,

- 10.1.3. any negligent (passive or active) or willful acts or omissions in the course of performance by Contractor under this Agreement,
- 10.1.4. any claim for personal injury (including death) or property damage to the extent based on strict liability or alleged to be caused by any Equipment or negligent act, error or omission of Contractor.
- 10.2. Proprietary Rights Indemnity. Contractor shall indemnify, defend, save and hold harmless Indemnitees from any and all Actions arising out of claims that the Software, Services, products, work or Deliverables (“Deliverables”), as used in accordance herewith, infringe upon or violate the Intellectual Property Rights of others. If the Deliverables will become the subject of an Action or claim of infringement or violation of the Intellectual Property Rights of a third party, City, at its option shall require Contractor, at Contractor’s sole expense to: (1) procure for City the right to continue using the software, products, work or deliverables; or (2) replace or modify the Deliverables so that no infringement or other violation of Intellectual Property Rights occurs, if City determines that: (A) such replaced or modified Deliverables will operate in all material respects in conformity with the then-current specifications for the Deliverables; and (B) City’s use of the Deliverables is not impaired thereby. Contractor’s obligations under this Agreement will continue uninterrupted with respect to the replaced or modified Deliverables as if they were the original Deliverables.
- 10.3. For the purposes of this Section 10, the term “Contractor” includes, without limitation, Contractor, its officers, directors, employees, representatives, agents, servants, subconsultants, and subcontractors.
- 10.4. Contractor acknowledges and agrees that it has an immediate and independent obligation to indemnify and defend Indemnitees from any Action which potentially falls within this indemnification provision, which obligation shall arise at the time an Action is tendered to Contractor by City and continues at all times thereafter, without regard to any alleged or actual contributory negligence of any Indemnitee. Notwithstanding anything to the contrary contained herein, Contractor’s liability under this Agreement shall not apply to any Action arising from the sole negligence, active negligence or willful misconduct of an Indemnitee.
- 10.5. City shall give Contractor prompt written notice of any Action and shall fully cooperate with Contractor in the defense and all related settlement negotiations to the extent that cooperation does not conflict with City’s interests. Notwithstanding the foregoing, City shall have the right, if Contractor fails or refuses to defend City with Counsel acceptable to City, to engage its own counsel for the purposes of participating in the defense. In addition, City shall have the right to withhold payments due Contractor in the amount of reasonable defense costs actually incurred. In no event shall Contractor agree to the settlement of any claim described herein without the prior written consent of City.
- 10.6. All of Contractor’s obligations under this Section 10 are intended to apply to the fullest extent permitted by law (including, without limitation, California Civil Code Section 2782) and shall survive the expiration or sooner termination of this Agreement.

10.7. The indemnity set forth in this Section 10 shall not be limited by the City's insurance requirements contained in Schedule Q hereof, or by any other provision of this Agreement.

11. **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 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:

11.1. Notices to Redflex:

Redflex Traffic Systems, Inc.
15020 North 74th Street
Scottsdale, AZ 85260
Attention: Ms. Karen Finley
Facsimile: (480) 607-5552

11.2. Notices to the Customer:

City of Oakland
c/o Oakland Police Department
455 Seventh Street
Oakland, CA 94607
Attention: Traffic Division Commander
Facsimile: (510) 238-2251

12. **INSURANCE.**

12.1. Insurance. Unless a written waiver is obtained from the City's Risk Manager, Contractor must provide the insurance listed in Schedule Q. Schedule Q is attached hereto and incorporated herein by reference.

13. **CONFLICT OF INTEREST**

13.1. Contractor. The following protections against conflict of interest will be upheld:

13.1.1. Contractor certifies that no member of, or delegate to the Congress of the United States shall be permitted to share or take part in this Agreement or in any benefit arising therefrom.

13.1.2. Contractor certifies that no member, officer, or employee of the City or its designees or agents, and no other public official of the City who exercises any functions or responsibilities with respect to the programs or projects covered by this Agreement, shall have any interest, direct or indirect in this Agreement, or in its proceeds during his/her tenure or for one year thereafter.

13.1.3. Contractor shall immediately notify the City of any real or possible conflict of interest between work performed for the City and for other clients served by Contractor.

- 13.1.4. Contractor warrants and represents, to the best of its present knowledge, that no public official or employee of City who has been involved in the making of this Agreement, or who is a member of a City board or commission which has been involved in the making of this Agreement whether in an advisory or decision-making capacity, has or will receive a direct or indirect financial interest in this Agreement in violation of the rules contained in California Government Code Section 1090 et seq., pertaining to conflicts of interest in public contracting. Contractor shall exercise due diligence to ensure that no such official will receive such an interest.
- 13.1.5. Contractor further warrants and represents, to the best of its present knowledge and excepting any written disclosures as to these matter already made by Contractor to City, that (1) no public official of City who has participated in decision-making concerning this Agreement or has used his or her official position to influence decisions regarding this Agreement, has an economic interest in Contractor or this Agreement, and (2) this Agreement will not have a direct or indirect financial effect on said official, the official's spouse or dependent children, or any of the official's economic interests. For purposes of this paragraph, an official is deemed to have an "economic interest" in any (a) for-profit business entity in which the official has a direct or indirect investment worth \$2,000 or more, (b) any real property in which the official has a direct or indirect interest worth \$2,000 or more, (c) any for-profit business entity in which the official is a director, officer, partner, trustee, employee or manager, or (d) any source of income or donors of gifts to the official (including nonprofit entities) if the income totaled more than \$500 in the previous 12 months, or value of the gift totaled more than \$350 the previous year. Contractor agrees to promptly disclose to City in writing any information it may receive concerning any such potential conflict of interest. Contractor's attention is directed to the conflict of interest rules applicable to governmental decision-making contained in the Political Reform Act (California Government Code Section 87100 et seq.) and its implementing regulations (California Code of Regulations, Title 2, Section 18700 et seq.).
- 13.1.6. Contractor understands that in some cases Contractor or persons associated with Contractor may be deemed a "city officer" or "public official" for purposes of the conflict of interest provisions of Government Code Section 1090 and/or the Political Reform Act. Contractor further understands that, as a public officer or official, Contractor or persons associated with Contractor may be disqualified from future City contracts to the extent that Contractor is involved in any aspect of the making of that future contract (including preparing plans and specifications or performing design work or feasibility studies for that contract) through its work under this Agreement.
- 13.1.7. Contractor shall incorporate or cause to be incorporated into all subcontracts for work to be performed under this Agreement a provision governing conflict of interest in substantially the same form set forth herein.

- 13.2. No Waiver. Nothing herein is intended to waive any applicable federal, state or local conflict of interest law or regulation.
- 13.3. Remedies and Sanctions. In addition to the rights and remedies otherwise available to the City under this Agreement and under federal, state and local law, Contractor understands and agrees that, if the City reasonably determines that Contractor has failed to make a good faith effort to avoid an improper conflict of interest situation or is responsible for the conflict situation, the City may (1) suspend payments under this Agreement, (2) terminate this Agreement, (3) require reimbursement by Contractor to the City of any amounts disbursed under this Agreement. In addition, the City may suspend payments or terminate this Agreement whether or not Contractor is responsible for the conflict of interest situation.
14. **NON-DISCRIMINATION/EQUAL EMPLOYMENT PRACTICES**. Contractor shall not discriminate or permit discrimination against any person or group of persons in any manner prohibited by federal, state or local laws. During the performance of this Agreement, Contractor agrees as follows:
- 14.1. Contractor and Contractor's subcontractors, if any, shall not discriminate against any employee or applicant for employment because of age, marital status, religion, gender, sexual preference, race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC) or disability. This nondiscrimination policy shall include, but not be limited to, the following: employment, upgrading, failure to promote, demotion or transfer, recruitment advertising, layoffs, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 14.2. Contractor and Contractor's Subcontractors shall state in all solicitations or advertisements for employees placed by or on behalf of Contractor that all qualified applicants will receive consideration for employment without regard to age, marital status, religion, gender, sexual preference, race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC) or disability.
- 14.3. If applicable, Contractor will send to each labor union or representative of workers with whom Contractor has a collective bargaining agreement or contract or understanding, a notice advising the labor union or workers' representative of Contractor's commitments under this nondiscrimination clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
15. **AMERICANS WITH DISABILITIES**. The Americans with Disabilities Act (ADA) requires that private organizations serving the public make their goods, services and facilities accessible to people with disabilities. Furthermore, the City of Oakland requires that all of its contractors comply with their ADA obligations and verify such compliance by signing the Declaration of Compliance incorporated herein as Schedule C-1.
16. **LOCAL AND SMALL LOCAL BUSINESS ENTERPRISE PROGRAM (L/SLBE)**.
- 16.1. Requirement - There is a twenty percent (20%) minimum participation requirement for all professional services contracts \$50,000 or more. Contractors shall comply with the twenty percent (20%) local business participation

requirement at a rate of ten percent (10%) local and 10% small local business participation. The requirement may be satisfied by a certified prime consultant and/or sub-consultant (s) or a small local certified firm may meet the twenty percent requirement. A business must be certified by the City of Oakland in order to earn credit toward meeting the twenty percent requirement.

- 16.2. Good Faith Effort-In light of the twenty percent requirement, good faith effort documentation is not necessary.
- 16.3. Incentives – Upon satisfying the twenty percent requirement, a consultant will earn two (2) preference points. Three additional preference points may be earned at a rate of one point for every additional ten percent participation up to fifty percent participation of the total contract dollars attributable to local certified firms.
- 16.4. Banking – The City will allow banking of credits for L/SLBE participation that exceeds fifty percent (50%) on a City funded project and will allow consultants to accumulate credits for hiring certified local businesses and certified small local businesses on non-city funded projects within a year of the City funded project. Banked credits will count toward achieving a bid discount or preference points (up to 2%) on a City contract. The ability of firms to bank credits or hours on non-City projects will not be retroactive. Consultants will have one year to apply credits. A certificate validating banked credits must be issued by the City prior to the submittal or bid date.
- 16.5. The Exit Report and Affidavit (ERA) – This report declares the level of participation achieved and will be used to calculate banked credits. The prime consultant must complete the Exit Report and Affidavit for, and have it executed by, each L/SLBE sub consultant and submitted to the City Manager’s Office of Contract Compliance & Employment Services along with a copy of the final progress payment application.
- 16.6. Joint Venture and Mentor Protégé Agreements. If a prime contractor or prime consultant is able to develop a Joint Venture or “Mentor-Protégé” relationship with a certified LBE or SLBE, the mentor or Joint Venture partners will enjoy the benefit of credits against the participation requirement. In order to earn credit for Joint Venture or Mentor-Protégé relationships, the Agreement must be submitted for approval to Contract Compliance and Employment Services prior to the project bid date for construction, and by proposal due date for professional services contracts. Joint Venture Applications and elements of City approved Mentor Protégé relation are available upon request .
- 16.7. Contractor shall submit information concerning the ownership and workforce composition of Contractor’s firm as well as its subcontractors and suppliers, by completing Schedule D (“Professional Services Questionnaire”), Schedule E (“Project Consultant Team”), and Schedule F (“Employment Questionnaire”), attached and incorporated herein and made a part of this Agreement.
- 16.8. All affirmative action efforts of Contractor are subject to tracking by the City. This information or data shall be used for statistical purposes only. All contractors are required to provide data regarding the make-up of their subcontractors and agents who will perform City contracts, including the race

and gender of each employee and/or contractor and his or her job title or function and the methodology used by Contractor to hire and/or contract with the individual or entity in question.

16.9. In the recruitment of subcontractors, the City of Oakland requires all contractors to undertake nondiscriminatory and equal outreach efforts, which include outreach to minorities and women-owned businesses as well as other segments of Oakland's business community. The City Manager will track the City's MBE/WBE utilization to ensure the absence of unlawful discrimination on the basis of age, marital status, religion, gender, sexual preference, race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC) or disability.

16.10. In the use of such recruitment, hiring and retention of employees or subcontractors, the City of Oakland requires all contractors to undertake nondiscriminatory and equal outreach efforts which include outreach to minorities and women as well as other segments of Oakland's business community.

17. OTHER APPLICABLE ORDINANCES:

17.1. Living Wage Ordinance. This Agreement is subject to the Living Wage Ordinance of Chapter 2.28 of the Oakland Municipal Code and its implementing regulations if it is for an amount of \$25,000.00 or more, or if it is amended to increase the contract amount by \$25,000.00 in any twelve-month period thereafter. The Ordinance requires among other things, submission of the Declaration of Compliance attached and incorporated herein as Schedule N and made part of this Agreement, and, unless specific exemptions apply or a waiver is granted, that Contractor provide the following to its employees who perform services under or related to this Agreement:

17.1.1. Minimum Compensation – Said employees shall be paid an initial hourly wage rate of \$9.45 with health benefits or \$10.87 without health benefits. These initial rates shall be upwardly adjusted each year no later than April 1 in proportion to the increase at the immediately preceding December 31 over the year earlier level of the Bay Region Consumer Price Index as published by the Bureau of Labor Statistics, U.S. Department of Labor. (Effective July 1, 2001 the hourly wages will be \$9.13 per hour with health benefits and \$10.50 per hour without.)

17.1.2. Health Benefits – Said full-time and part-time employees paid at the lower living wage rate shall be provided health benefits of at least \$1.25 per hour. Contractor shall provide proof that health benefits are in effect for those employees no later than 30 days after execution of the contract or receipt of City financial assistance.

17.1.3. Compensated days off – Said employees shall be entitled to twelve compensated days off per year for sick leave, vacation or personal necessity at the employee's request, and ten uncompensated days off per year for sick leave. Employees shall accrue one compensated day off per month of full time employment. Part-time employees shall accrue compensated days off in increments proportional to that accrued by full-time employees. The employees shall be eligible to use accrued days off after the first six months

of employment or consistent with company policy, whichever is sooner. Paid holidays, consistent with established employer policy, may be counted toward provision of the required 12 compensated days off. Ten uncompensated days off shall be made available, as needed, for personal or immediate family illness after the employee has exhausted his or her accrued compensated days off for that year.

- 17.1.4. Federal Earned Income Credit (EIC) – Contractor shall inform said employees who earn less than \$12.00 per hour that he or she may be eligible for EIC and shall provide forms to apply for advance EIC payments to eligible employees.
 - 17.1.5. Contractor shall provide to all employees and to the Office of Contract Compliance, written notice of its obligation to eligible employees under the City’s Living Wage requirements. Said notice shall be posted prominently in communal areas of the work site(s) and shall include the above-referenced information.
 - 17.1.6. Contractor shall provide all written notices and forms required above in English, Spanish or other languages spoken by a significant number of employees within 30 days of employment under this Agreement.
 - 17.1.7. Reporting – Contractor shall maintain a listing of the name, address, hire date, occupation classification, rate of pay and benefits for each of its employees. Contractor shall provide a copy of said list to the Office of Contract Compliance, on a quarterly basis, by March 31, June 30, September 30 and December 31 for the applicable compliance period. Failure to provide said list within five days of the due date will result in liquidated damages of five hundred dollars (\$500.00) for each day that the list remains outstanding. Contractor shall maintain employee payroll and related records for a period of four (4) years after expiration of the compliance period.
 - 17.1.8. Contractor shall require subcontractors that provide services under or related to this Agreement to comply with the above Living Wage provisions. Contractor shall include the above-referenced sections in its subcontracts. Copies of said subcontracts shall be submitted to the Office of Contract Compliance.
- 17.2. Equal Benefits Ordinance. This Agreement is subject to the Equal Benefits Ordinance of Chapter 2.32 of the Oakland Municipal Code and its implementing regulations.
- 17.2.1. Entities which enter into a "contract" with the city for an amount of twenty-five thousand dollars (\$25,000.00) or more for public works or improvements to be performed, or for goods or services to be purchased or grants to be provided at the expense of the city or to be paid out of moneys deposited in the treasury or out of trust moneys under the control of or collected by the city; and Entities which enter into a "property contract" pursuant to Section 2.32.020(D) with the city in an amount of twenty-five thousand dollars (\$25,000.00) or more for the exclusive use of or occupancy (1) of real property owned or controlled by the city or (2) of real property owned by others for the city’s use or occupancy, for a term exceeding twenty-nine (29) days in any calendar year.

- 17.2.2. The Ordinance shall only apply to those portions of a contractor's operations that occur (A) within the city; (B) on real property outside the city if the property is owned by the city or if the city has a right to occupy the property, and if the contract's presence at that location is connected to a contract with the city; and (C) elsewhere in the United States where work related to a city contract is being performed. The requirements of this chapter shall not apply to subcontracts or subcontractors of any contract or contractor.
- 17.2.3. The equal Benefits Ordinance requires among other things, submission of the attached and incorporated herein as Schedule N-1 – Equal Benefits-Declaration of Nondiscrimination.
- 17.3. Nuclear Free Zone. Contractor represents, pursuant to Schedule P (“Nuclear Free Zone Disclosure Form”), that Contractor is in compliance with the City of Oakland's restrictions on doing business with service providers considered nuclear weapons makers. Prior to execution of this agreement, Contractor shall complete Schedule P, attached hereto.
- 17.4. CITY OF OAKLAND CAMPAIGN CONTRIBUTION LIMITS. This Agreement is subject to the City of Oakland Campaign Reform Act of Chapter 3.12 of the Oakland Municipal Code and its implementing regulations if it requires Council approval. The City of Oakland Campaign Reform Act prohibits contractors that are doing business or seeking to do business with the City of Oakland from making campaign contributions to Oakland candidates between commencement of negotiations and either 180 days after completion of, or termination of, contract negotiations. If this Agreement requires Council approval, Contractor must sign and date an Acknowledgment of Campaign Contribution Limits Form attached hereto and incorporated herein as Schedule O.
18. **MISCELLANEOUS PROVISIONS:**
- 18.1. **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, The Customer hereby acknowledges and agrees that the execution (as outlined in Exhibit F), delivery and performance of Redflex's rights pursuant to this Agreement shall require a significant investment by Redflex, and that in order to finance such investment, Redflex may be required to enter into certain agreements or arrangements (“Financing Transactions”) with equipment lessors, banks, financial institutions or other similar persons or entities (each, a “Financial Institution” and collectively, “Financial Institutions”). The Customer hereby agrees that Redflex shall have the right to assign, pledge, hypothecate or otherwise transfer (“Transfer”) its rights, or any of them, under this Agreement to any Financial Institution in connection with any Financing Transaction between Redflex and any such Financial Institution, subject to the Customer's prior written approval, which approval shall not be unreasonably withheld or delayed. The Customer further acknowledges and agrees that in the event that Redflex provides written notice to the Customer that it intends to Transfer all or any of Redflex's rights pursuant to this Agreement, and in the event that the Customer fails to provide such approval or fails to object to such Transfer within forty-five (45) business

days after its receipt of such notice from Redflex, for the purposes of this Agreement, the Customer shall be deemed to have consented to and approved such Transfer by Redflex. Notwithstanding the above, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto, and their respective successors or assigns.

18.2. 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).

18.3. Audit Rights.

18.3.1. 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.

18.3.2. Inspection of Books and Records/Right to Audit. During the term of this Agreement, and for a period of four (4) years after the termination of this Agreement, or two (2) years after the closure of any disputed matter, whichever occurs later, (the "Audit Period"), Contractor shall maintain financial and operational records related to this Agreement or to any other agreement with City. Contractor shall make all books and records open to inspection by the governing agency, City Auditor or their individually assigned designee during normal business hours for the period of this contract and for a period of four years after the close of each contract year.

18.3.3. During the Audit Period, Contractor hereby grants to City or its designee(s), during normal business hours, without unreasonable disruption of the Contractor's business or operations and subject to City and such designees executing a reasonable nondisclosure agreement, upon three (3) business days prior notice to Contractor, access to and the right to make copies of any of Contractor's books, statements, documents, papers or records ("Financial Information") which arise from or relate to the terms and

conditions of this Agreement and the performance of any services pursuant to this Agreement, or any other agreement between the parties, in order to permit City to conduct audits, examinations, excerpts and transition audits (collectively hereafter referred to as "Audit or Audits"). Contractor authorizes the City Auditor or his designee to obtain such information directly from these sources. City's right to Audit and to make copies shall apply whether such Financial Information is located at Contractor's offices or at Contractor's banks, financial institutions or lenders, or at the offices of Contractor's financial consultants, accountants or bookkeepers. For the purposes of such Audit, Contractor waives its right to the confidentiality of all Financial Information and Contractor authorizes the City or its designee(s) to access, obtain and make copies of Financial Information directly from Contractor's banks, financial institutions or lenders, or from Contractor's financial consultants, accountants or bookkeepers, which copies shall not be distributed or used for any purposes other than the Audit.

18.3.4. Such Audits may be performed by City through its employees or by its designees including, without limitation, a third party auditor retained by City. City's right to Audit under this Section 18.3.4 is independent, separate and distinct from any right to audit such books and records reserved by law or contract, or as a condition of funding, by the county, state or federal government.

18.3.5. If any Audit of Contractor's invoices or other records reveals any variance from any invoice to City, or of any amount of funds provided to Contractor by City which is in excess of the amount actually due to Contractor by City, then: Contractor shall immediately refund any excess payment or funds received from City. In addition, if any Audit reveals any variance from any invoice or funds received from City in excess of five percent (5%) of the amount shown on such invoice or the amount of funds actually due to or granted to Contractor by City, Contractor shall immediately reimburse City for all costs and expenses incurred in conducting such Audit. Failure to pay such variance and the cost of the Audit as required herein shall constitute and be deemed a material breach of the Agreement by Contractor and will subject Contractor to termination of the Agreement by City and to a breach of contract claim for damages by City.

18.4. Right to Offset. All claims for money due or to become due from City shall be subject to deduction or offset by City from any monies due Contractor by reason of any claim or counterclaim arising out of this Agreement or any Purchase Order, Change Order, or Change Notice or any other transaction with Contractor. To the extent that there are amounts due to the City and to a state or federal funding agency, and the amount of the offset is insufficient to pay such amount in full, the amount of the offset shall be prorated between the City and such state or federal funding agency in proportion to the amounts due them.

18.5. 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.

18.5.1. The term "Force Majeure" means acts of God, strikes, failure or refusal of any person or entity to comply with then existing agreements to obtain or ship materials or equipment or other industrial disturbances; acts of a public enemy, war, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, or other natural disasters; arrests and restraints of governments and people, civil disturbances, explosions, restraint by court order or public authority; and action or non-action by or failure to obtain authorizations or approvals, duly sought, from any governmental agency or authority of competent jurisdiction; and which, by the exercise of due diligence, such party is unable to prevent or overcome.

18.5.2. If either party is rendered unable wholly or in part by "Force Majeure" to carry out its obligations under this Agreement or to provide commercially reasonable substitute performance, it is agreed that such party upon providing a written detailed description of the event(s) causing the Force Majeure, within a reasonable time following such events(s), shall be excused from fulfilling its obligations under this Agreement, until such reasonable time that the event(s) causing the Force Majeure is corrected or other remedial action is taken, but for no longer a reasonable period of time thereafter.

18.5.3. It is understood and agreed that the settlement of strikes shall be entirely at the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be corrected within a reasonable time shall not require the settlement of strikes.

18.6. 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.

18.7. 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. Notwithstanding the foregoing, if any material term or provision of this Agreement or the application of such material term or condition to a particular situation is finally found to be void, invalid, illegal or unenforceable by a court of competent jurisdiction, then the Parties hereto agree to work in good faith and fully cooperate with each other to amend this Agreement to carry out its intent.

18.8. 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.

- 18.9. 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.
- 18.10. 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.
- 18.11. 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.
- 18.12. 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.
- 18.13. 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.
- 18.14. 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.
- 18.15. 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 curtailed and limited only to the extent necessary to bring it within the requirement of the law, provided that such construction is consistent with the intent of the Parties as expressed in this Agreement.
- 18.16. 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.
- 18.17. Injunctive Relief; Specific Performance. The parties hereby agree and acknowledge that a breach of Sections 5.1 (License), 5.3 (Restricted Use) or 9 (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.

- 18.18. 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, without reference to its conflict of laws principles.
- 18.19. 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 Alameda, California, and both parties specifically agree to be bound by the jurisdiction and venue thereof.
- 18.20. Construction. Except as provided in Section 4.7 above, acceptance or acquiescence in a prior course of dealing or a course of performance rendered under this Agreement or under any Change Order, or Change Notice, shall not be relevant in determining the meaning of this Agreement even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection. The language in all parts of this Agreement and any Purchase Order, Change Order, or Change Notice, shall in all cases be construed in whole, according to its fair meaning, and not strictly for or against, either Contractor, City regardless of the drafter of such part.
- 18.21. Priority of documents. PRIORITY OF DOCUMENTS. The event of conflicting provisions between the following documents, the provisions shall govern in the following order: this Agreement, the latest Amendment, the Purchase Order, Change Order, or Change Notice, and Exhibits to this Agreement.
- 18.22. Attorney's Fees. If either party commences an action or proceeding to determine or enforce its rights hereunder, the prevailing party shall be entitled to recover from the losing party all expenses reasonably incurred, including court costs, reasonable attorneys' fees and costs of suit as determined by the court.
- 18.23. Time of the Essence. Time is of the essence for any act or obligation of Contractor under this Agreement when time is a factor.
- 18.24. Authority. Each individual executing this Agreement or any Purchase Order, Change Order or Change Notice, hereby represents and warrants that he or she has the full power and authority to execute this Agreement or such Purchase Order, Change Order or Change Notice, on behalf of the named party such individual purports to bind.
- 18.25. Access. Access to City's premises by Contractor shall be subject to the reasonable security and operational requirements of City. To the extent that Contractor's obligations under this Agreement or any Purchase Order, Change Order, or Change Notice, require the performance of Services or Work by Contractor on City's property or property under City's control, Contractor agrees:
- 18.25.1. to accept full responsibility for performing all Services or work in a safe manner so as not to jeopardize the safety of City's personnel, property, or members of the general public; and
- 18.25.2. to comply with and enforce all of City's regulations, policies, and procedures including, without limitation, those with respect to security, access, safety and fire protection, City's policy against sexual harassment,

and all applicable state and municipal safety regulations, building codes or ordinances.

18.26. Commencement, Completion, and Close-out. It shall be the responsibility of the Contractor to coordinate and schedule the work to be performed so that commencement and completion take place in accordance with the provisions of this Agreement. Any time extension granted to Contractor to enable Contractor to complete the work must be in writing and shall not constitute a waiver of rights the City may have under this Agreement.

19. APPROVAL. If the terms of this Agreement are acceptable to Contractor and the City, sign and date below.

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

“Customer”

“Redflex”

CITY OF OAKLAND

REDFLEX TRAFFIC SYSTEMS, INC.,

By: Deborah Edgerly
Name: Deborah Edgerly
Title: City Administrator

By: Karen Finley
Name: Karen Finley
Title: President & CEO

APPROVED AS TO FORM & LEGALITY
[Signature]
OCT 3, 2007
OAKLAND
Deputy City Attorney Date

EXHIBIT "A"
Designated Intersection Approaches

The contract is for the implementation of up to 20 intersections, with the potential for multiple enforcement systems per intersection. Identification of enforced intersection will be based on mutual agreement between Redflex and the City as warranted by community safety and traffic needs. Possible initial intersections with the highest collision counts that will be considered include:

1. Castro St @ 11th
2. Northgate Ave @ 27th
3. Webster St @ 12th
4. Jackson St @ 6th
5. High St @ Foothill Blvd
6. Hegenberger Rd @ I-880
7. San Leandro St @ 66th
8. Oakland Ave @ Macarthur Blvd
9. Jackson St @ 8th
10. Jackson St @ 7th
11. Brush St @ 18th
12. Macarthur Blvd @ 82nd
13. Macarthur Blvd @ Beaumont Ave
14. Franklin St @ 14th
15. Market St @ 36th
16. Market St @ 35th
17. Macarthur Blvd @ 98th
18. High St @ Brookdale Ave
19. Macarthur Blvd @ 73rd
20. Madison @ 6th

EXHIBIT “B”
Construction and Installation Obligations

Timeframe for Installation: Fixed Photo Red Light System

Redflex will have each specified intersection installed and activated in phases in accordance with an implementation plan to be mutually agreed to by Redflex Traffic Systems and the Municipality.

Redflex will use reasonable commercial efforts to install the system in accordance with the schedule set forth in the implementation plan that will be formalized upon project commencement.

Redflex will use reasonable commercial efforts to install and activate the first specified intersection within thirty (30) days subsequent to formal project kick-off. The Customer agrees that the estimated timeframe for installation and activation are subject to Force Majeure as defined in this agreement.

Customer will assist Contractor in obtaining Caltrans permits where applicable.

In order to provide the client with timely completion of the photo enforcement project Redflex Traffic Systems requires that the City assist with providing timely approval of City permit requests. The City acknowledges the importance of the safety program and undertakes that in order to keep the project on schedule the customer is to provide city engineers review of Redflex permit requests and all documentation in a timely manner.

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 and a project implementation team consisting of between one (1) and four (4) people to assist the Redflex Project Manager;
 - 1.2. 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”), and Redflex shall apply for, secure, and comply with all City, County , State and federal licenses, permits, and applications, including, without limitation, any building, construction, excavation, or encroachment permits.
 - 1.5. Finalize the acquisition of the Approvals;
 - 1.6. Submit to the Customer a public awareness strategy for the Customer’s consideration and approval, which strategy shall include media and educational materials for the Customer’s approval or amendment (the “Awareness Strategy”);

- 1.7. Develop the Redlight Violation Criteria in consultation with the Customer;
- 1.8. Develop the Enforcement Documentation for approval by the Customer, which approval shall not be unreasonably withheld;
- 1.9. Complete the installation and testing of all necessary Equipment, using qualified and California duly –licensed contractors, including hardware and software, at the Designated Intersection Approaches (under the supervision of the Customer);
- 1.10. Cause a California duly-licensed 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, including, without limitation, prevailing wages, OSHA requirements, and workers’ compensation;
- 1.11. 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;
- 1.12. Implement the use of the Redflex System at each of the Designated Intersection Approaches;
- 1.13. Deliver the Materials to the Customer; and
- 1.14. Issue citation notices for Authorized Violations;
- 1.15. 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;
- 1.16. 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; and
- 1.17. Provide reasonable public relations resources and media materials to the Customer in the event that the Customer elects to conduct a public launch of the Redlight Photo Enforcement Program.
- 1.18. Citation processing and citation re-issuance
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; and
- 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. Assist Redflex in developing the Redlight Violation Criteria; and
- 2.1.10. Seek approval of the Enforcement Documentation.

EXHIBIT "C"

Maintenance

1. All repair and maintenance of Photo Red Light Enforcement systems and related Equipment, including damage caused by vandalism, 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 present.
3. The provision of all necessary communication, broadband and telephone services to the Designated Intersection Approaches will be the sole responsibility of 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 at no additional charge to the Customer.
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. Redflex must respond to any material malfunction of any of the Redflex System within 24 hours of receiving notice from the Customer.
8. In the event that the Reflex System sustains any damage, from any cause, that Redflex discovers a material malfunction or defect, or that Redflex receives a malfunction notice from the Customer, Reflex shall use its best efforts to cause the damage, malfunction, or defect to be repaired within 48 hours of discovery by Redflex or receipt of a malfunction notice.

EXHIBIT "D"
COMPENSATION & PRICING

Commencing on the expiration of the 30-day Warning Period for each Designated Intersection Approach, Customer shall be obligated to pay Redflex a fixed fee of:

\$5670 per month for each Designated Intersection Approach ("Fixed Fee") for 1-2 lanes of enforcement, as full remuneration for performing all of the services and supplying and installing all Equipment contemplated in this Agreement, or

\$5970 per month for each Designated Intersection Approach ("Fixed Fee") for 3+ lanes of enforcement, as full remuneration for performing all of the services and supplying and installing all Equipment contemplated in this Agreement.

Customer shall not be obligated to pay, and will not be billed for, each calendar day that a particular Designated Intersection Approach is not functioning for a period of 48 hours due to equipment related malfunction, or has not been repaired within 48 hours as described in Exhibit C.. The invoice for the relevant period will show a credit for a fraction of the Fixed Fee for that Designated Intersection Approach, based on the number of calendar days in that month, including the initial 48 hours of malfunction..

Notwithstanding Section 6.7, for each malfunctioning Redflex System at a Designated Intersection Approach, Redflex's compensation shall be reduced and Redflex shall credit the monthly invoice for each affected malfunctioning designated Intersection Approach base on the following formula:

1. 50% monthly malfunction rate = 50% base fee credit.
2. An additional 1% credit for each percentage of malfunction rate above 50%, up to and including 80% malfunction rate, shall be added to the base fee credit.
3. If the malfunction rate exceeds 80%, then Redflex shall not be entitled to the monthly fixed fee and shall fully credit the monthly invoice.
4. The rate of malfunctioning shall be determined from the Redflex on-line customer management report, but excluding rejections for driver obstruction, motorcycle helmet; plate obstruction; vehicle obstruction; extended vehicle; out of country and paper plates; wrong/no DMV; citations too old to process, emergency vehicles, discretionary police rejects and safe right turn on red.

BUSINESS ASSUMPTIONS FOR ALL PRICING OPTIONS:

1. For the introductory billing cycle, Customer will have 120 days to pay from the commencement of the Operational Period for each Designated Intersection Approach without any late payment penalty.

2. Redflex construction will be able to utilize existing conduit for installation where space is available. If it is determined in writing signed by both Parties' respective Authorized Representative that additional conduit is necessary, cost and access for use of such additional conduit shall be equally shared by Redflex and the Customer. Any such additional conduit shall become the exclusive property of the Customer upon termination of this Agreement.
3. 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.
4. 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.
5. Intersection approaches may be relocated upon mutual agreement at no cost to Customer should the system no longer be warranted and public safety is achieved through the implementation of engineering counter measures or if traffic volume is substantially altered.

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 Redlight Photo Enforcement Program (actual print and production costs are the sole responsibility of the Customer).
2. The Redflex shall be solely responsible, without cost to the Customer, 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 shall assist in determining the placement of such Signage. Redflex shall be solely responsible for installing such Signage at no cost to the Customer. Warning signs required by the California Vehicle Code will be placed at each Designated Intersection Approach.
3. The Redflex Project Manager and the Police Project Manager shall meet on a weekly basis during the period commencing as of the date of execution hereof and ending on the Installation Date, and on a monthly basis for the remainder of the Term, at such times and places as the Redflex Manager and the Customer Manager shall mutually agree.
4. 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.
5. 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.
6. Each of 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, each of Redflex and the Customer shall obey any and all such rules and regulations.
7. 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.

Exhibit F

FORM OF ACKNOWLEDGMENT AND CONSENT

This Acknowledgement and Consent, dated as of September __, 2007, is entered into by and between the City of Oakland (the "City") and Redflex Traffic Systems, Inc., ("Redflex"), with reference to the Agreement between the city of Oakland and Redflex Traffic Systems, inc. for Photo Red Light Enforcement Program, dated as of September __, 2007 by and between the City and Redflex (the "Agreement").

1. Redflex has entered into a Credit Agreement, dated as of August 3, 2003 (the "Harris-Redflex Credit Agreement"), with Harris Trust and Savings Bank (the "Bank"), pursuant to which the Bank has provided certain working capital credit facilities to Redflex. Such credit facilities will provide Redflex the working capital that it needs to perform its obligations to the City under the Agreement.

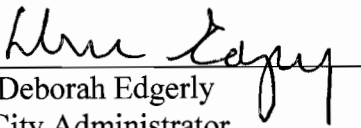
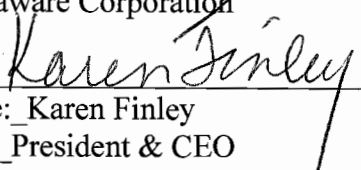
2. Pursuant to the Harris-Redflex Credit Agreement, Redflex has granted Harris a security interest in all of Redflex's personal property as collateral for the payment and performance of Redflex's obligations to the Bank under the Harris-Redflex Credit Agreement. Such security interest applies to and covers all of Redflex's contract rights, including, without limitation, all of Redflex's rights and interests under the Agreement.

3. Redflex will not, by virtue of the Harris-Redflex Credit Agreement, be relieved of any liability or obligation under the Agreement, and the Bank has not assumed any liability or obligation of Redflex under the Agreement.

4. The City hereby acknowledges notice of, and consents to, Redflex's grant of such security interest in favor of the Bank in all of Redflex's rights and interests under the Agreement pursuant to the Harris-Redflex Credit Agreement.

5. The City further acknowledges and agrees that this Acknowledgement and Consent shall be binding upon the City and shall inure to the benefit of the successors and assigns of the Bank and to any replacement lender which refinances Redflex's obligations to the Bank under the Harris-Redflex Credit Agreement.

IN WITNESS WHEREOF, the City and Redflex have caused this Acknowledgement and Consent to be executed by their respective duly authorized and elected officers as of the date first above written.

<p>The City:</p> <p>City of Oakland, a California Public Entity</p> <p>By: </p> <p>Name: Deborah Edgerly Title: City Administrator</p>	<p>Redflex:</p> <p>REFLEX TRAFFIC SYSTEMS, INC., a Delaware Corporation</p> <p>By: </p> <p>Name: Karen Finley Title: President & CEO</p>
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Schedule D

Professional Services Questionnaire

VENDOR SURVEY QUESTIONNAIRE

The signatory of this Questionnaire represents that all answers and information provided hereinafter are true, current, accurate and complete

NAME OF FIRM: Redflex Traffic Systems Inc.

PARENT COMPANY: Redflex Holding Limited

AFFILIATES, DIVISIONS, AND SUBSIDIARIES:

FIRM'S ADDRESS:

Street: 15020 N 74th Street

P.O. Box:

State & Zip Code: Scottsdale, AZ 85260

FIRM'S TELEPHONE, TELEX AND FAX NUMBERS:

(480) 607-0705 (F) (480) 607-0752

PARENT COMPANY'S ADDRESS:

31 Market St, South Melbourne, Victoria 3205
Australia

PARENT COMPANY'S TELEPHONE, TELEX, AND NAME & TITLE OF CONTACT:

+61 3 9674 1888 (F) +61 39696 1411

DOES A FOREIGN PARENT COMPANY OWN YOUR FIRM? Yes No

IS YOUR FIRM CONTROLLED BY THIS FOREIGN PARENT? Yes No

PERCENTAGE OWNERSHIP BY FOREIGN COMPANIES: 100% (Type N/A if not applicable)
(PROVIDE ADDITIONAL INFORMATION PERTINENT TO THE FOREIGN PARENT)

I. GENERAL DATA:

A. Type Organization:

Corporation
If Corporation:

Branch of N/A Subsidiary of N/A

Date of Incorporation 1986 State Delaware

VENDOR SURVEY QUESTIONNAIRE

Principle Officer's Name & Title:

<u>Karen Finely,</u>	<u>President</u>
<u>Richard Edels,</u>	<u>CFO Treasurer</u>
<u>Richard Eden,</u>	<u>Secretary</u>

Partnership N/A

If Partnership; name, social security number, and address of partners:

Sole Proprietorship N/A

If sole proprietorship; name, social security number, and address of sole proprietor:

B. Date when Firm was established: 1986

C. How many years of business under existing name: 20

D. Reason for Change of Name:

N/A

E. Type of Work Desired and Specialty:

Photo + Speed enforcement systems

F. Financial Status (Dun & Bradstreet Rating):

CC4 - see attached report (A)

G. Banking:

Wells Fargo - Pamela R. LaValle (480) 348-5039

H. Finance/Credit references, (List Minimum of Five):

<u>Company</u>	<u>Person To Contact</u>	<u>Phone Number</u>
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Please refer to Attachment C

VENDOR SURVEY QUESTIONNAIRE

For each reference, the offeror shall list:

- A. Agency or contact name & number
- B. Contract number
- C. Brief description of services rendered, including type and quantities of equipment maintained/repaired.
- D. Contract period
- E. Business contact
- F. Technical contact

I. Business Reference (List Minimum of Five):

Please refer to Attachment B

For each reference, the offeror shall list:

- A. Agency or contact name & number
- B. Contract number
- C. Brief description of services rendered, including type and quantities of equipment maintained/repaired.
- D. Contract period
- E. Business contact
- F. Technical contact

J. Licenses - Business Licenses and Contractors Licenses: (Utilize additional sheets if necessary.) Offeror represents that (please check):

- a. Offeror is fully licensed in the state of California to perform the work required in this specification
- b. Offeror is not licensed in the state(s) where the work is to be performed.
- c. Offeror has a valid City of Oakland Business License.
- d. Offeror does not have a valid license to conduct business in or with the City of Oakland.

<u>State/ Local</u>	<u>License No.</u>	<u>Type of Work Covered</u>
<u>state</u>	<u>N/A</u>	<u>Photo enforcement system</u>

VENDOR SURVEY QUESTIONNAIRE

K. ATTACH Audited Financial Statements (Balance Sheets, Income Statement of Sources and Uses of Working Capital) for the past three years. *See Attachment A*

II. COMPANY OFFICIALS

- a. President: Karen Finley
- b. Vice President: —
- c. Treasurer: Richard Ecken
- d. Head of Service: —
- e. Contact for Company Inquiry: Karen Finley
- f. Business Contact Telephone Number: (480) 607-0705

III. VOLUME OF BUSINESS

- a. Average Annual Billable Volume During The Past Five Years: \$ 25 million
- b. Estimated Billable Volume This Year: \$ 46.3 million
- c. Estimated Billable Carryover Next Year: \$ 68.7 million

IV. TYPES OF CONTRACTS ACCEPTED

- a. Lump sum: Cost Plus: Unit Price: Negotiated:
- b. Minimum Value of Work Accepted: \$ N/A
- c. Maximum Value of Work Accepted: \$ 110 Million
- d. Has your Firm had a contract with the City before: Yes No
 If Yes, number of contracts received: — Average dollar value: \$ —

V. PERSONNEL

- a. Total Permanent Employees: 201
- b. Employees for Field Services: 35
- c. Peak Manpower Level in Past Three Years: 201
- d. Lowest Manpower Level in Past Three Years: 75

VI. ORGANIZED RELATIONS

- a. Are any of your Employees Covered by Union Contract: Yes No
 If yes List Union(s), Contact Name and Phone Number:

N/A

- b. Do you pay union wages: Yes No
 Please provide a copy of the rate/salary schedule. N/A

VENDOR SURVEY QUESTIONNAIRE

VI. LIST ALL PROFESSIONAL MEMBERSHIPS

National Campaign to stop red light running; International ^{Ass. of} Chiefs of Police
Chair - Across the Road (published) Chair - Red Light Camera Standard

VII. CONTRACTOR'S INSURANCE

Names of Insuring Companies: ⁽¹⁾ Zurich, NA; ⁽²⁾ American International; ⁽³⁾ Lloyds of London
"Best Insurance Guide" Rating of Ins. Cos.: ⁽¹⁾ AXV; ⁽²⁾ A+XV; ⁽³⁾ A XV

VIII. LITIGATION

Have you at any time failed to complete a contract? Yes No
Are there any judgements, claims or suits pending or outstanding against you? Yes No
Are you now, or have you ever been involved in any bankruptcy or reorganization proceedings? Yes No

If the answer to any question is "Yes", submit details on a separate sheet.

IX. GEOGRAPHICAL RADIUS OF OPERATIONS

Nation wide

X. BONDING

Bonding limitation on work accepted and Bonding Company

As requested by the City, Redflex will obtain bonding from Arch Insurance.

XI. MISCELLANEOUS RELEVANT DATA

N/A

XII. CERTIFICATIONS

1. Type of Business Organization

The offeror, by checking the applicable box, represents that:

- a. The offeror represents and certifies that it () is, () is not a small business concern. "Small Business Concern" means an organization, including its affiliates, that is independently owned and operated, not dominate in the field of operation in which it is bidding, and qualified as a small business the criteria established by the Small Business Administration.
- b. The offeror represents that it () is, (X) is not a disadvantaged business concern. "Disadvantaged" means a small business that (1) is at least 51%

VENDOR SURVEY QUESTIONNAIRE

owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business having at least 51% of it's stock owned by one or more socially and economically disadvantaged individuals, and (2) has it's management and daily business controlled by one or more such individuals. The offeror shall presume that socially and economically disadvantaged individuals included African Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Asian-Indian Americans, and as qualified by the Small Business Administration.

- c. The Offeror represents that it () is, (X) is not a woman-owned small business concern. "Woman Owned" means a small business that is at least 51% owned by a woman or women who are U.S. citizens and who also control and operate the business.

ETHNIC GROUP OWNERSHIP INTERESTS

	African American	Hispanic	Native American	Asian	White	Female
Number	<i>See Attached</i>					
% Assets Owned						

ETHNIC COMPOSITION OF EMPLOYEES

	African American	Hispanic	Native American	Asian	White	Female
Number	<i>See Attached</i>					
% Assets Owned						

Explain whether current workforce is racially proportionate to the Standard Metropolitan Statistical Area (SMSA) from which the workforce is drawn (national, state, or local). Refer to your local library for copies of the most current U.S. Census Bureau report.

N/A -

2. Subcontractor List

The offeror shall specify in this section (and if necessary, on additional sheets entitled "Proposed Subcontractors", the percentage of work he/she proposes to subcontract, specified portions of the work to be subcontracted, and of the proposed subcontractors.

- a. Percentage of work to be subcontracted: 100* %
** of Construction portion of contract.*

EE JOB GROUP HEADCOUNT
REDFLEX TRAFFIC SYSTEMS INC - 5521

CHECK DATE 09/05/2006-2 WEEK 35
PERIOD BEGIN 08/16/2006 PERIOD END 08/31/2006

09/11/2006
PAGE 1

JOB CATEGORIES	OVERALL	--- M A L E ---					--- F E M A L E ---				
	TOTALS	WHITE	BLACK	HISP	ASIAN	INDIAN	WHITE	BLACK	HISP	ASIAN	INDIAN
OFFICIALS AND MANAGERS - 1	11	8	0	0	1	0	1	1	0	0	0
PROFESSIONALS - 2	30	21	0	1	2	0	4	0	1	1	0
SALES WORKERS - 4	17	12	0	2	0	1	1	0	1	0	0
ADMIN SUPPORT - 5	60	20	0	2	0	0	26	4	6	1	1
CRAFT WORKERS (SKILLED) - 6	47	29	3	10	5	0	0	0	0	0	0
OPERATIVES (SEMI-SKILLED) - 7	21	14	0	1	2	0	2	0	1	0	1
LABORERS (UNSKILLED) - 8	3	2	0	0	1	0	0	0	0	0	0
EXECUTIVE SENIOR - 10	6	4	0	0	0	0	2	0	0	0	0
TOTAL	195	110	3	16	11	1	36	5	9	2	2
PERCENTAGES	100%	55	2	8	6	1	18	3	5	1	1
PERCENT MALE	72										
PERCENT FEMALE	28										

VENDOR SURVEY QUESTIONNAIRE

Name of Subcontractor	Work to be Subcontracted	Percentage by Subcontractor
Earth Electric	Wiring/Electric Construction	100% of Construction Portion of Contract

3. Subcontract Certifications - *see Attached Certificate*

- a. The offeror represents and certifies that subcontractor is, () is not a small business concern. "Small Business Concern" means an organization, including it's affiliates, that is independently owned and operated, not dominate in the field of operation in which it is bidding, and qualified as a small business the criteria established by the Small Business Administration.
- b. The offeror represents that subcontractor is, () is not a disadvantaged business concern. "Disadvantaged" means a small business that (1) is at least 51% owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business having at least 51% of it's stock owned by one or more socially and economically disadvantaged individuals, and (2) has it's management and daily business controlled by one or more such individuals. The offeror shall presume that socially and economically disadvantaged individuals included African Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Asian-Indian Americans, and as qualified by the Small Business Administration.
- c. The Offeror represents that subcontractor () is, is not a women-owned small business concern. "Women Owned" means a small business that is at least 51% owned by a woman or women who are U.S. citizens and who also control and operate the business.

2. Business Proposal (Submit with Bid)

The business proposal shall address the following issues:

- a. Experience and past performance

Indicate your general organizational structure and experience, as it applies to your area of interest. For those offerors proposing to use a subcontractor to fulfill any of the requirements, a previously successful relationship with said subcontractor must be documented and verifiable.

3. Insurance Certification

- a. Offeror has required insurance, and can provide a Certificate of Insurance that meets the requirements herein within ten (10) days of notification by the City.
- b. () Offeror does not currently, and is unable to obtain the required level of insurance coverage.

4. Authorized Negotiators

VENDOR SURVEY QUESTIONNAIRE

The offeror represents that the following persons are authorized to negotiate on its behalf with the City of Oakland in connection with this request for proposal. (List names, titles, and phone number of those authorized negotiators.)

Aaron Rosenberg, Vice President
(310) 743-1209 (310) 213-6994

If offeror is a corporation, set forth the legal name of the corporation together with the signature of the officer or officers authorized to sign contracts on behalf of the corporation. If offeror is a partnership, set forth the name of the firm together with the signature of the partner or partners authorized to sign contracts on behalf of the partnership.

Redflex Traffic Systems Inc.

Offeror hereby authorizes the City to verify and or obtain information necessary to verify all information contained herein.

Dated at Culver City this 2 day of October 20 06

Redflex Traffic Systems

Name of Firm

By Aaron Rosenberg

Signature

Aaron Rosenberg

Typed or Printed Name

Vice President

Title

OAKLAND CERTIFIED SMALL - LOCAL BUSINESS ENTERPRISE

Company Name **Earth Electric** Cert# **1078** **1989**

Certification Expiration **01-Apr-07** Assigned To **DG** CERT STATUS **Recertification**

I am applying for **SLBE** Type of Firm **C** doc# **888**

Const ProSvc **CS** Ethnicity **AA** DBE/WBE **DBE**

Contact Person **Londie Hillman** Business Tax # **913766**

Address **675 Hegenberger Rd. Ste 219** Federal Tax ID # **953255561**

City/State **Oakland, CA** Zip **94621** Certificate Letai Date: **Tuesday, March 29, 2005**

Phone# **(510) 760-9393** Ext. Website

Cell # **(510) 760-93** Fax# **(510) 430-0873**

Email **lonnie@earthelectric.com**

SLBE CONST.
CERTIFICATE

LBE CONST.
CERTIFICATE

SLBE PROF.
CERTIFICATE

LBE PROF.
CERTIFICATE

NP-PROF.
LETTER

NP-LBE PROF.
CERTIFICATE

NP-SLBE PROF.
CERTIFICATE

OLD CONST.
CERT-LETTER

OLD PROF.
CERT-LETTER

Add New Record	First Record	Print Record	View Cert Letter	View NAICS Code	View Site Standard
Save Record	Go To Last Record				

Schedule N

Declaration of Compliance – Living Wage Ordinance



SCHEDULE N
DECLARATION OF COMPLIANCE – LIVING WAGE ORDINANCE

(For use by all city agencies and departments for procurement, and professional services contracts)

To be completed by the prime and subconsultants (including CFARs)

The Oakland Living Wage Ordinance (the "Ordinance"). Codified as Oakland Municipal Code provides that certain employers under contracts for the furnishing of services to or for the City that involve an expenditure equal to or greater than \$25,000 and certain recipients of City financial assistance that involve receipt of financial assistance equal to or greater than \$100,000 shall pay a prescribed minimum level of compensation to their employees for the time their employees work on City of Oakland contracts. The Redevelopment Agency of the City of Oakland adopted the City's Living Wage policy as its own policy Agency Resolution No. 98-13 C.M.S.

The contractor or city financial assistance recipient (CFAR) further agrees:

To pay employees a wage no less than the minimum initial compensation of \$9.90 per hour with health benefits, as described in Section 3-C "Health Benefits" of the Ordinance, or otherwise \$11.39 per hour, and to provide for the annual increase pursuant to Section 3-A "Wages" of the Ordinance. Effective July 1, 2006 the new rates will be \$10.07 per hour with health and \$11.58 without.

- (a) To provide at least twelve compensated days off per year for sick leave, vacation or personal necessity at the employees request, and, at least ten additional days per year of uncompensated time off pursuant to Section 3- B "Compensated Days Off" of the Ordinance.
- (b) To inform employees that he or she may be eligible for Earned Income Credit (EIC) and shall provide forms to apply for advance EIC payments to eligible employees. There are several websites and other sources available to assist you. Web sites include but are not limited to: (1) <http://www.irs.gov>. for current guidelines as prescribed by the Internal Revenue Service and (2) the 2005 Earned Income Tax Outreach Kit www.cbpp.or/eic/2005.
- (c) To permit access to work sites for authorized City representatives to review the operation, payroll and related documents, and to provide certified copies of the relevant records upon request by the City; and
- (d) Not to retaliate against any employee claiming non-compliance with the provisions of this Ordinance and to comply with federal law prohibiting retaliation for union organizing.

The undersigned authorized representative hereby obligates the proposer to the above stated conditions under penalty of perjury.

Redflex Traffic Systems
Company Name

Sandra Stevens
Signature of Authorized Representative

15020 N. 74th St, Scottsdale AZ
Address

Sandra Stevens
Type or Print Name

480
Area Code

998-0443
Phone

85260
9-11-06
Date

HR Manager
Type or Print Title

Employment Questionnaire

Please provide responses to the following questions:

Item No	DESCRIPTION	RESPONSE	COMMENTS
1.	*How many permanent employees are employed with your company. (If less than 5 employees stop here)	200	
2.	How many of your permanent employees are paid above the Living Wage rate.	200	
	How many of your permanent employees are paid below the Living Wage rate.	0	
3.	Number of compensated days off per employee (Refer to item "a" on the other side of the form for the correct number of compensated days off.	25	
4.	Number of trainees in your company?	0	
5.	Number of employees who are under 21 years of age, employed by a nonprofit corporation for after school or summer employment for a period not longer than 90 days.	0	

Schedule N - 1

Equal Benefits – Declaration of Nondiscrimination



6. Schedule N-1- Equal Benefits Declaration of Nondiscrimination



**SCHEDULE N-1
 EQUAL BENEFITS DECLARATION OF NONDISCRIMINATION**

For use by all city agencies and departments for procurement, professional services (including CFARs) and construction contracts. To be completed by the prime contractor/consultant.

Section A. Vendor/Contractor/Consultant*CFAR Information

- 1 Name of Company Redflex Traffic Systems, Inc
- 2 Name of Company Contact Karen Finley
- 3 Phone Number (480) 998-0443 Fax Number (480) 607-55502
- 4 Vendor Number (If Known) _____ Federal ID or Social Security # 94-3292233
- 5 Approximate Number of Employees in the U.S. 201
- 6 Are any of your employees covered by a collective bargaining agreement or union trust fund? Yes No
- 7 Union Name(s) _____

Section B Compliance Questions

- 1 Does your company provide or offer access to benefits for employees and their spouses.
 Yes or No (please check one)
- 2 Does your company provide or offer access to benefits for employees and their domestic partners.
 Yes or No (please check one)

Questions B1 & B2 should be answered YES, even if your employees must pay some or all of the cost of spousal or domestic partner benefits.

Section C Compliance Questions

3 Please check each benefit that applies to answers 1 & 2 above and list as "other" any additional benefits not listed below. Some benefits (i.e. bereavement leave) are provided to employees because they have a spouse or domestic partner. Other benefits (i.e. medical insurance) are provided directly to the spouse or domestic partner.

Benefit	Yes, this benefit is offered to Employees only	Yes, this benefit is offered to Employees and their Spouses	Yes, this benefit is offered to Employees and their Domestic Partners	No this benefit is not offered at all	Yes, documents were submitted for this benefit.
a Health	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b Dental	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c Vision	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d Retirement (Pension, 401(k), etc)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e Bereavement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f Family Leave	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g Parental Leave	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h Employee Assistance Program	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
i Relocation & Travel	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j Company Discount, Facilities & Events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
k Credit Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
l Child Care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
m Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

* CFAR is a City Financial Assistance Recipient

** The term "Domestic Partner" is defined as same- or opposite-sex couples registered with a state or local government domestic partnership registry.

Section D. Submitting Documents to Support Compliance Determinations





SCHEDULE N-1 EQUAL BENEFITS DECLARATION OF NONDISCRIMINATION

For use by all city agencies and departments for procurement, professional services (including CFARs) and construction contracts. To be completed by the prime contractor/consultant.

Please remember: Copies of documents must be submitted to justify each benefit marked under Section B-3 above. Your company can not be certified as complying with the City's Equal benefits Ordinance without proper documentation. For example, to document medical insurance, submit a statement from your insurance provider or a copy of the eligibility section from your plan document. To document leave programs, submit a copy of your company's employee handbook. If documentation of a particular benefit does not exist, attach an explanation. For more information please call the designated agency contract administrator or project manager.

Section E. Winning Compliance Through Reasonable Measures

Business owner, please note: If you can not offer a benefit in a nondiscriminatory manner because of reasons outside your control, (e.g., there are no insurance providers in your area willing to offer domestic partner coverage) you may be eligible for Reasonable Measures compliance. To comply on this basis, you must agree to pay a cash equivalent, submit a completed Reasonable Measures Application Form with all necessary attachments, and have your application approved by the City. For more information, the contract administrator or project manager holds the appropriate Reasonable Measures Application Form. *Effective January 1, 2002, Assembly Bill 25, Domestic Partner Coverage requires carriers to offer domestic partner (DP) coverage to employer groups under the same terms and conditions as coverage provided to dependents of the employees.

Section F. Substantial Compliance

A temporary compliance status is available for contractors that have indicated a willingness to comply but have requested additional time within which to fulfill all compliance requirements. Under this scenario, the contractor may enter into contracts with the City before the compliance process is completed. Substantial compliance status may be awarded to a contractor at the discretion of the City staff, within certain parameters.

Section G. Declaration of Non-Discrimination

① Declaration:

I hereby declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

② Date & Address

10 1 02 1 2006
Month Date Year
15020 N 74TH ST
Address
Scottsdale 1 AZ 85260
(City) (State)

③ Signature

Arnon Rosenberg

④ Name of Signatory (please print)

Arnon Rosenberg

Did you submit supporting documentation for each benefit offered? Yes No (please check one)



REDFLEX TRAFFIC SYSTEMS, INC.

401(k) Plan Highlights
February 2002

Plan Coordinator: Karen Finley or Sandra Stevens

For questions about the plan and for changing beneficiaries, personal data, or deferral amounts, see your Plan Coordinator.

Eligibility Requirements

Employees who have completed 3 months of service, and are at least 20 1/2 years of age are eligible to participate.

Plan Entry Dates

Participation in the plan can only begin on an entry date after meeting the eligibility requirements. The entry dates of this plan are January 1, and July 1.

Employee Contributions and Change Dates

Participants may defer up to 25% of total annual compensation up to an IRS maximum (currently \$11,000 per year for 2002 plus an additional \$1,000 if you are over age 50). You can stop making contributions to the Plan at any time. However you can only increase or decrease the amount of your contribution on 1/1 or 7/1.

Loan Provision

Participants in the plan may borrow up to 50% of their account balance up to a maximum of \$50,000. You may only have 2 outstanding loans at any one time. The maximum repayment term for most loans is five years, unless borrowing for the purchase of a primary residence, then the maximum repayment period would be 20 years.

Withdrawals

You may withdraw your 401(k) deferrals in the event of termination of employment, retirement, attainment of age 59 1/2, death, or disability. In the event of death, your primary beneficiary would receive your benefits.

Rollovers

Rollovers from other 401(k)'s are accepted.

Retirement Dates

Normal retirement is age 65 or 5th anniversary of plan participation, whichever is later.

Participant 800 Number / Web site

The 800 number is available to access account balance information, investment performance information, change allocation of future investments, and to transfer existing monies between investments. You can access general information regarding Manulife Financial and investments by logging on to our web site at: www.manulife.com/usa

Participant Statements

A statement of the participant's 401(k) account will be issued quarterly.

The complete provisions of the Plan are set forth in the legal documents and are available for your review at the office of the Plan Administrator. If there is any discrepancy between the above statements and the Plan, the terms of the Plan shall prevail.

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Chapter 27 - LEAVES OF ABSENCE

Policy:

It is the policy of Redflex Traffic Systems, Inc. to grant employees extended leaves of absence under certain circumstances. Except as stated below, employees will not receive compensation during a leave of absence. For policy statements regarding absences of short duration, see Chapter 25 - Attendance And Punctuality; and Chapter 26 - Short-Term Absences.

- (1) The Company will comply with the provisions of the federal Family and Medical Leave Act (FMLA). The Appendix A (see page 57) to this policy outlines the FMLA's requirements including the rights and obligations of employees, notification requirements, and the Company's obligations. For a decision making checklist to determine when FMLA applies, see Appendix B (page 60) following this policy.
- (2) Employees generally are eligible for a leave of absence if they have completed at least one year of service or as specified by law. The duration of each leave of absence and compensation received by the employee, if any, will be determined by the Company in conjunction with applicable federal and state law. The following types of leave will be considered:
 - (a) **Medical:** Employees who are unable to work because of a serious health condition, disability, or work-related injury may be granted a medical leave of absence. This type of leave covers disabilities caused by pregnancy, childbirth, or other related medical conditions. The Company requires certification of an employee's need for medical leave both before the leave begins and on a periodic basis thereafter by the employee's health care provider. For an explanation of the FMLA and medical leave, see Appendix A (page 57) following this policy. (See also Chapter 6 - Medical Procedures.)
 - (b) **Parental:** Female and male employees may be granted a parental leave of absence to care for the employee's child upon birth or in connection with a child's placement with the employee for adoption or foster care. For an explanation of the FMLA and parental leave, see Appendix A (page 57) following this policy.
 - (c) **Family Care:** Employees may be granted a family care leave of absence for the purpose of caring for the employee's child, spouse, or parent who has a serious health condition. The Company requires certification of the family member's serious health condition before the leave begins and on a periodic basis thereafter by the family member's health care provider. For an explanation of the FMLA and family leave, see Appendix A (page 57)

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following this policy. Note: in the State of California such leave can be used to care for a domestic partner as designated by law.

- (d) **Personal:** Employees may be granted a leave of absence to attend to personal matters when the Company determines it will be in the best interest of the employee and the Company.
- (e) **Military:** A military leave of absence will be granted if an employee is required to serve in the uniformed services of the United States for a period of up to five years (not including certain involuntary extensions of service). An employee is eligible for military leave beginning the first day of employment. Employees who perform and return from service in the Armed Forces, the Military Reserves, the National Guard, or certain National Oceanic Atmospheric Agency (NOAA) and Public Health Service positions will retain certain rights with respect to reinstatement, seniority, layoffs, compensation, length of service promotions, and length of service pay increases, as required by applicable federal or state law.

Employees with one year or more of Company service will be eligible for pay during participation in annual encampment or training duty in the U.S. Military Reserves or the National Guard. In these circumstances, the Company will pay the difference between what an employee earns from the government for military service and what the employee would have earned from normal straight-time pay on the job. This difference will be paid for up to two weeks in a calendar year.

- (f) **Educational:** Employees who want to continue their education in preparation for added responsibilities with the Company may be granted an educational leave of absence. (See also Chapter 18 - Educational Assistance.)
- (3) Requests for a leave of absence or any extension of leave ordinarily should be submitted in writing to the employee's department head at least thirty days before the start of the leave or extension period. When the need for leave or an extension is not foreseeable, employees should give as much notice as possible. The department head will forward the request to the Human Resources Manager recommending approval or denial. The final decision concerning the request will be made by the Human Resources Manager. All employees on approved leave are expected to report to their immediate Manager any change of leave status or date change of their return to work.
 - (4) Employees who are on an approved leave of absence may not perform work for any other employer during that leave, except when the leave is for military or public service. (See Chapter 8 - Outside Employment.)

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- (5) Every employee on a medical leave or family care leave will be required to use all accrued personal, vacation, and sick days while on leave. However, employees may not use paid leave if they are receiving compensation under the Company's or workers' compensation insurance programs. (See Chapter 26 - Short-Term Absences.) Every employee on a parental, personal, educational, or public service leave of absence will be required to use all accrued personal and vacation days while on leave.
- (6) For Long-Term Leaves of Absence not exceeding one (1) month (such as Emergency Reserve Service and Organized Reserve Training), group health insurance coverage will remain in effect.

Likewise the Company's health insurance coverage will remain in effect for employees on Family (Maternity) Leave.

Otherwise, employees may elect to continue group health coverage at their own expense for up to three (3) months.

If coverage is discontinued, the 60 day waiting period will be waived upon employee's return.

- (7) Employees returning from a leave of absence will be reinstated to their same job or to an equivalent job with equivalent status and pay as required by law. Employees returning from medical leave must provide certification of their ability to perform the functions of their job. Employees returning from military leave must comply with all of the reinstatement requirements specified by federal law. If the same job or one of equivalent status and pay is not available as a result of a reduction in force, the employee will be treated in the same manner as though he had been actively employed at the time of the reduction in force. (See Chapter 10 - Layoff.)
- (8) Employees who are unable to report for work because of arrest and incarceration will be placed on a special personal leave of absence. If the employee is unable to secure bail, the leave of absence will continue until final disposition of the charges. If the employee is out on bail, the employee's department head and the Human Resources Manager will decide whether active employment is appropriate pending final disposition of the charges.
- (9) If an employee fails to return to work at the conclusion of an approved leave of absence, including any extension of the leave, the employee will be considered to have voluntarily terminated employment.

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APPENDIX A

Notice to Employees Regarding the Family and Medical Leave Act: The Company will comply with all applicable requirements of FMLA.

The FMLA requires private employers with 50 or more employees and all public agencies, including state, local, and federal employers, and local education agencies, to provide eligible employees up to 12 weeks of unpaid, job-protected leave in any 12-month period for certain family and medical reasons. The 12-month period is a rolling period measured backward from the date an employee uses any FMLA leave.

Employee Eligibility: The FMLA defines eligible employees as employees who: (1) have worked for the Company for at least 12 months; (2) have worked for the Company for at least 1,250 hours in the previous 12 months; and (3) work at or report to a worksite which has 50 or more employees or is within 75 miles of Company worksites that combined together have a total of 50 or more employees.

Leave Entitlement: Eligible employees may take leave for the following reasons: (1) to care for the employee's child upon birth or in connection with a child's placement with the employee for adoption or foster care; (2) to care for a parent, spouse, or child with a serious health condition; or (3) when the employee is unable to work because of the employee's own serious health condition.

Serious Health Condition: According to the FMLA, a "serious health condition" means an illness, injury, impairment, or physical or mental condition that involves: (1) inpatient care (i.e., an overnight stay) including any period of incapacity or any subsequent treatment in connection with the inpatient care; or (2) "continuing treatment" by a health care provider which includes any period of incapacity as a result of:

- (a) A health condition lasting more than three consecutive days and any subsequent treatment or period of incapacity relating to the same condition that also includes (i) treatment two or more times by or under the supervision of a health care provider; or (ii) one treatment by a health care provider with a continuing regimen of treatment;
- (b) Pregnancy or prenatal care including severe morning sickness;
- (c) A chronic serious health condition that continues over an extended period of time, requires periodic visits to a health care provider, and may involve occasional episodes of incapacity;
- (d) A permanent or long-term condition for which treatment may not be effective if the employee is under the supervision of a health care provider (but not necessarily receiving active treatment); or
- (e) Any absences to receive multiple treatments for restorative surgery or for a condition that would likely result in a period of incapacity of more than three days if not treated.

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Spouses employed by the same employer are jointly entitled to a combined leave of 12 workweeks of family leave in the 12-month period to care for a parent who has a serious health condition. However, each spouse may take up to 12 workweeks of leave to care for a child or spouse with a serious health condition.

Birth, Adoption, or Foster Care of Children: FMLA leave for birth or placement for adoption or foster care must conclude within 12 months of the birth or placement. In addition, spouses employed by the same employer are jointly entitled to a combined leave of 12 workweeks of parental leave in the 12-month period for the birth or placement of a child for adoption or foster care.

Intermittent or Reduced Work Schedule Leave: In certain circumstances, eligible employees may take FMLA leave intermittently (for example, in blocks of time) or by reducing their work schedule. If FMLA leave is to care for a newborn child or placement for adoption or foster care, employees may take their FMLA leave intermittently or on a reduced work schedule only with the Company's permission. If the FMLA leave is because of the employee's serious illness or to care for a seriously ill family member, the employee may take the leave intermittently or on a reduced work schedule if necessary.

Notice and Certification: Employees who want to take FMLA leave ordinarily must provide the Company at least 30 days notice of the need is foreseeable. If the employee's need is not foreseeable, the employee should give as much notice as is practicable. When leave is needed to care for an immediate family member or for the employee's own planned medical treatment, the employee must try to schedule treatment in order to minimize disruptions of the Company's operations.

In addition, employees who need leave for their own, or a family member's serious health condition, medical certification from a health care provider must be submitted. The Company also may require a second, and if necessary, a third opinion (at Company's expense), periodic recertifications of the health condition, and, when the leave is a result of the employee's own serious health condition, a fitness for duty report to return to work.

The Company may delay leave to employees who do not provide proper advance notice for leave. The Company may also delay or deny approval of leave for lack of proper medical certification.

Benefits During FMLA: Employees taking leave under the FMLA are entitled to receive health benefits during the leave at the same level and terms of coverage as if they had been working. If applicable, arrangements will be made for employees to pay their share of health insurance premiums while on leave. If an employee chooses not to return to work from FMLA leave, the Company may be entitled to recover premiums it paid to maintain health coverage during the leave.

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The employee's use of FMLA leave will not result in the loss of any employment benefit that accrued prior to the start of the employee's leave. However, the employee must use any accrued paid vacation, personal, and sick days during an unpaid FMLA leave taken because of the employee's own serious health condition or the serious health condition of a family member. In addition, the employee must use any accrued paid vacation or personal days (not including sick days) during FMLA leave to care for a newborn or newly placed child.

Job Restoration After FMLA: The Company will reinstate an employee returning from FMLA leave to the same or equivalent position with equivalent pay, benefits, and other employment terms and conditions. However, an employee on FMLA leave does not have any greater right to reinstatement or to other benefits and conditions of employment than if the employee had been continuously employed during the FMLA leave period.

Certain highly compensated key employees also may be denied reinstatement when necessary to prevent "substantial and grievous economic injury" to the Company's operations. A "key" employee is an eligible salaried employee who is among the highest paid ten percent of employees within 75 miles of the worksite. Employees will be notified of their status as a key employee, when applicable, after they request FMLA leave.

Other Provisions: The FMLA does not affect any federal or state law prohibiting discrimination or supersede any state or local law or collective bargaining agreement which provides greater family or medical leave rights.

Under an exception to the Fair Labor Standards Act (FLSA) in the FMLA regulations, hourly amounts may be deducted for unpaid leave from the salary of executive, administrative, and professional employees who are exempt from the minimum wage and overtime requirements of the FLSA. Records of leave taken may be kept for those employees without affecting the employee's exempt status. This special exception to the "salary basis" requirements for the FLSA's exemptions extends only to eligible employees' use of leave required by the FMLA.

Further Information: For more information, employees may contact the Human Resources Department.

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APPENDIX B

A checklist is available to determine whether an employee requesting leave is eligible for FMLA leave, what happens while the employee is on leave, and what the employer's reinstatement obligations are when the employee wants to return to work.

REQUEST FAMILY AND MEDICAL LEAVE (FMLA) CHECKLIST FROM THE OFFICE MANAGER.

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- (a) Gross wages earned,
 - (b) Total hours worked by each employee (except for salaried employees who are exempt from state overtime rules),
 - (c) Number of piece-rate units earned and any applicable piece-rate if the employee is paid on a piece-rate basis,
 - (d) All deductions,
 - (e) Net wages earned,
 - (f) Inclusive dates for which the employee is being paid,
 - (g) Employee's name and social security number,
 - (h) Name and address of the legal entity that is the employer, and
 - (i) All applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.
- (7) Employees who discover an error on their pay check, lose their pay check, or have it stolen should notify the Human Resources Department immediately. In the case of a mistake, the error will be remedied promptly. In the case of loss or theft, the Human Resources Department will attempt to stop payment on the check and reissue a new one to the employee. However, the employee is solely responsible for the monetary loss, and the Company will not be responsible for loss or theft of a check if it cannot stop payment on the check.
- (8) Non-exempt employees (those not exempt from the provisions of the Fair Labor Standards Act and state law) will be paid overtime compensation at the rate of one and one-half times their regular hourly rate for work in excess of forty hours during their normal work week (laws may vary by state). For a more detailed discussion of exempt and non-exempt status, see Chapter 9 - Employee Classifications.
- (9) Employees should discuss any questions or concerns regarding their rate of pay and other compensation issues with their department head or with the Human Resources Department.

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Chapter 14 - TRAVEL

Policy:

It is the policy of Redflex Traffic Systems, Inc. to reimburse employees for reasonable and necessary expenses incurred when traveling on company business.

Redflex understands that in the course of servicing our customers, equipment, and continuing the growth of our business, travel will often be required. It is Redflex's policy to reimburse employees for all reasonable travel expenses incurred within the scope and guidelines of this policy. Please note that travel is generally defined for purposes of this policy to include any trip with an overnight stay and/or any trip greater than 180 miles (one way) from the employee's residence (defined as either the employee's home or office location to the extent they are not the same).

(1) Travel Time

Travel time is defined as any time spent traveling on company business regardless of whether that time occurs during the standard business hours of 8AM-5PM or not. Travel time, defined as time spent traveling outside of the employee's standard commute, is fully paid by Redflex, and all travel hours not part of the employee's standard commute should be reported as hours worked for time reporting purposes.

Time spent commuting to or from a Redflex office and/or to or from a Redflex customer site in lieu of commuting to an office is **not** reimbursable and those hours should not be reported. For employees traveling directly to a client site, whose normal place of business is a Redflex office, they should deduct their normal commute time (For example, if the employee's normal commute to the office is 45 minutes, they should not report any travel time until their drive to the client site exceeds their 45 minute standard commute).

(2) Business Use of a Vehicle

It is the policy of Redflex Traffic Systems, Inc. to provide vehicles for business use or to allow employees to use their private vehicle for Company business and to reimburse employees for business use of personal vehicles according to the guidelines below.

a. General Guidelines

- (1) Only authorized employees shall operate a motor vehicle for company business.
- (2) All employees driving on company business shall operate the vehicle in a safe manner at all times.

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- (3) Employees using their personal vehicles for company business are required to maintain personal liability insurance per state statutes. It is required that a minimum liability limit of \$100,000 bodily injury each person/\$300,000 bodily injury each accident/\$50,000 property damage be maintained. Evidence of insurance for all authorized drivers shall be provided to the employer. Upon renewal of the employee's personal insurance the revised dates or an updated copy of the policy must be provided.
- (4) All vehicle accidents shall be reported immediately to the employee's supervisor.

b. Eligibility

- (1) All employees who drive must have a current and valid driver's license issued by the State in which they reside.
- (2) All employees who drive must have a good driving record which, at a minimum, meets at least the following requirements:
 - a. No "major" violations (drunk driving, chemical test refusal, hit & run, etc.)
 - b. No more than two "at-fault" accidents or moving violations, or any combination thereof, in the past three years.

c. Reimbursement

Employees that use their personal vehicle for business purposes will be eligible for reimbursement based on the following criteria:

- (1) All business use of a personal vehicle is reimbursable at the IRS maximum approved rate of \$0.445 per mile as of January 1, 2006. Employees should use reasonable judgment in calculating business mileage.
 - For employees that are primarily office-based (defined as any employee that does not work out of a home office for the convenience of Redflex), mileage should be calculated only to the extent that the business mileage exceeds their standard commute using the standard mileage reimbursement form.
 - For employees working from their home office, all business mileage incurred is reimbursable at the IRS approved rate, including travel to client meetings, Redflex locations, or other business sites.
 - Example #1, a maintenance technician who works out of the Redflex office has three service stops in a given day including an afternoon stop at the office to pick up spare parts (the Redflex office is located 20 miles from his/her home). The technician drives a total of 110 miles on the day. They would submit a request for reimbursement of 70 miles.
 - Example #2, a salesperson operating out of their home office for the convenience of Redflex drives to a neighboring city 40 miles away, drives to the office, and then attends a dinner meeting with another client driving a total of 145 miles

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during the course of the day. They should submit a request for reimbursement of 145 miles.

d. Safety Rules

- (1) All drivers and passengers are to wear seat belts.
- (2) Drivers are to comply with all traffic laws while operating a motor vehicle.
- (3) Drivers should inspect any vehicle to be driven on company business to ensure it is in good condition and all equipment is in operating condition.
- (4) Drivers should properly load vehicles and secure all loads to help ensure public safety. Employees are not to transport any hazardous materials in a motor vehicle being used for company business.
- (5) Drivers shall maintain an appropriate distance behind any vehicle to allow for a safe stop under any conditions.
- (6) Employees are not to operate a vehicle while under the influence of any drug, alcohol, or impaired in any other way.
- (7) Use of a cellular phone or any similar device while operating a vehicle on company business is prohibited.
- (8) Under no circumstances should Redflex equipment be left unattended in a vehicle.
- (9) When driving long distance it is required that the employee takes at least a 15 minute break after every two hours of consecutive driving.
- (10) When driving long distance employees are required to take a half hour lunch break outside of the vehicle after every 4 hours of consecutive driving.
- (11) No employee is to drive more than 8 hours in a day. It is required that the employee obtain lodging after driving more than 8 hours in one day.

NOTE: Meal and rest breaks are mandatory if working more than eight hours in a work day.

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(3) Air Travel

a. General Guidelines

- (1) All air travel should be properly authorized (i.e., sales travel should be approved by the Vice President of Sales, operations travel should be approved by the appropriate manager or the individual's direct supervisor).
- (2) Air travel should only be selected if the situation warrants it, namely driving to the location is prohibitive.
- (3) Air travel should only be authorized for essential business purposes when means of communication such as telephone, e-mail, or written correspondence are inadequate. Air travel should be arranged to minimize costs, and scheduled sufficiently in advance, usually 7-14 days in advance, to obtain the lowest possible pricing.
- (4) All travelers (or their designee) must select the most economical airfare option available. This should be Economy/Coach class for all domestic flights; international travel should be discussed with your supervisor in advance.
- (5) Conversion of airline tickets for personal benefit such as downgrading of tickets or returning tickets for travel credits, cash, or personal tickets is strictly prohibited.
- (6) Any exception to this policy must be approved by an Executive Officer of the Company.

(4) Lodging

a. General Guidelines

- (1) It is the company's intention to provide comfortable lodging at reasonable prices for our traveling employees. Economy or mid-priced hotels should be used unless there is a valid business reason for staying at a more expensive option (i.e., the employee is attending a conference hosted at a specific hotel, which is part of the conference package). As a general rule hotel room rates should not exceed \$100 per night.
- (2) Hotel reservations will be guaranteed for late arrival. Should travel plans change, it is extremely important that all hotel reservations be cancelled in order to avoid "no-show" charges.

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- (3) Except where arrangements have been made for a group billing, each employee is to pay their hotel bill using their Company American Express card and claim reimbursement of the business portion on an expense report.
- (4) Hotel movies, room service, spa treatments and other hotel amenities are considered a personal choice and will **not** be reimbursed by the company. The employee should deduct these expenses from the amount included on their expense report.

(5) Rental Cars

a. General Guidelines

- (1) In the course of traveling on Company business, it may be necessary for an individual to rent an automobile. Employees with the same travel itinerary **must** share a vehicle.
- (2) The Company has a business arrangement with Avis. This is the Company's primary source for car rentals and should be used unless exceptional circumstances exist. It is the employee's responsibility to obtain an Avis Wizard number, which will allow them to obtain the Company rates automatically, as well as decline unnecessary insurance charges.
- (3) A mid-size or smaller car should be rented unless more than three people will be riding together. The exception to this is when large amounts of equipment are carried and/or the occupant(s) is (are) seated within the stationary vehicle for long periods to conduct their daily business.
- (4) As a general rule employees should return rental cars with a full tank of gas so as to avoid excessive refueling charges. To the extent the rental is extremely short term in nature, (i.e., you fly to a location and rent a car to drive 10 miles to a client site and then back to the airport) it will be acceptable to return the car without refueling.
- (5) The Company purchases car rental insurance through our auto coverage. When renting, decline the rental company's optional coverage, as it is an unnecessary expense. In the event of an accident while on company business, the Company's insurance handles all aspects of any resulting claims. All accidents should be reported immediately.
- (6) The physical condition of the rented car is to be examined prior to driving it from the car rental lot. Any damage must be immediately reported to the car rental agency and documented.

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- (7) A detailed receipt for the car rental should be obtained and included when submitting the rental expense for reimbursement.

(6) Meals

a. General Guidelines

- (1) It is the company's intent to reimburse traveling employees for their reasonable meal expenses.
- (2) To claim meal reimbursement, the employee must submit an itemized receipt and document on the receipt what city/municipality the employee was visiting.
- (3) As a general guideline the Company considers \$30 per day to be the reasonable cost of meals for a traveling employee provided these expenses meet the criteria defined in this policy. Submissions exceeding this amount must be justified on the reimbursement form.
- (4) For meals taken with a client or with other employees, please refer to the guidance under the Entertainment section of this policy.

(7) Entertainment

a. General Guidelines

- (1) The Company recognizes that in the ordinary course of conducting business and maintaining customer relationships, entertainment expenses will sometimes be required. Generally, this covers entertaining at homes, country clubs, restaurants, theaters and other places of a similar nature.
- (2) To be reimbursable, entertainment expenses must be directly related to Company business. The Internal Revenue Service code requires that employee expense reports provide specific details regarding the expense including the date, place, name and business relationship of individuals entertained, business purpose of the event, and amount. A detailed receipt is required for all meal expenses incurred on Company business.
- (3) Any entertainment expense greater than \$500 requires the approval of an Executive Officer. Redflex requires employees to obtain approval prior to the entertainment expense being incurred. Without prior approval the reimbursement may be declined.
- (4) Generally meals or other entertainment expenses incurred involving only Redflex employees are not reimbursable. (For example, two Redflex employees go to

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lunch and discuss their current assignments, etc., this is not reimbursable). Exceptions to this rule include events such as a department meeting in which lunch is brought in, special occasions such as an employee's 10th anniversary, etc. To be reimbursable these expenses should be approved in advance by someone Director level or above and considered reasonable and necessary. Please note that these expenses should be the exception and not the rule and should have a valid business value.

(8) Phones

a. General Guidelines

- (1) The Company will reimburse employees for reasonable telephone expenses.
- (2) For employees with jobs requiring them to travel frequently or perform tasks that often take them away from a specific location, the Company provides a cellular phone (Nextel). For employees receiving these phones it is their responsibility to ensure they are familiar with the terms and conditions of the cellular plan. Phones should be used primarily for business and employees should use the phones judiciously in order to minimize cellular charges.
- (3) Phone bills for Company issued phones are reviewed monthly to ensure that phone usage is reasonable. Any unusual activity identified will be addressed directly with the employee. Additional phone charges incurred due to personal use of the Company phone may result in reimbursement from the employee pending resolution of the charges.
- (4) For telecommunication expenses incurred on phones not provided by the Company, reimbursement should be requested via the standard expense report with appropriate supporting documentation including a copy of the phone bill.
- (5) Employees are not permitted to use cell phones or any other hand-held device, pagers, digital assistants, laptops, or any other electronic communicative devices while driving company vehicles or while driving personal vehicles for company business. Employees may use cell phones, etc., only if their vehicle is off the road and parked.

(9) Parking

a. General Guidelines

- (1) The Company will reimburse employees for reasonable parking expenses.

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PROPERTY OF Redflex Traffic Systems, Inc.

- (2) Employees traveling on a day trip may park in short-term parking, however, for trips requiring more than a one night stay, long-term or economy parking should be utilized. Excessive parking charges will not be reimbursed.
- (3) Employees should obtain a receipt for all parking charges and should document on the receipt the purpose of their trip and include dates the employee was traveling.

(10) Miscellaneous Expenses

a. General Guidelines

- (1) The Company is aware that when traveling certain miscellaneous expenses may arise. Company's policy states that employees will be reimbursed for any and all reasonable expenses not directly addressed in other sections of this policy.
- (3) Examples of miscellaneous expenses include tolls, taxis, American Express (AMEX) service charges, etc. Please note that AMEX service charges (renewal fees) are not the same as late fees, penalties, or financing/interest charges, which will not be reimbursed.
- (3) For all miscellaneous expenses, the employee should obtain detailed receipts and itemize expenses on the expense statement and include the reason for the purchase.
- (4) Miscellaneous expenses should be the exception not the rule. Items of a personal nature **will not** be reimbursed (toiletries, medications, entertainment expenses, etc.).

(11) Expense Reports

a. General Guidelines

- (1) Generally expenses will be reimbursed with the payroll following the receipt of the expense report. For example, expense reports submitted between the 1st and 15th of the month will be reimbursed with the payroll on the 20th.
- (2) Expense reports should be submitted on the standard Microsoft Excel expense reporting worksheet. All necessary receipts and supporting documentation should be taped to standard 8 ½ x11 inch paper. To expedite expense reports submitted close to the deadline, expense reports may be faxed to the Accounting Department. However, receipts must be submitted prior to the next expense reporting period, otherwise reimbursement will be withheld.

PERSONNEL POLICIES
PROPERTY OF Redflex Traffic Systems, Inc.

- (3) Prior to submission, all expense reports must be thoroughly reviewed and approved by the employee's immediate supervisor. All unusual or disputed expenses should be reported immediately to the Accounting Department for resolution. Expense reports will not be reimbursed without proper approval.

(12) Company Cards

a. General Guidelines

- (1) The company will provide American Express Corporate Credit Cards to all eligible employees with approval by AMEX.
- (2) Each employee is personally responsible for all expenses incurred on their American Express Corporate Credit Card.
- (3) Employees must not charge personal expenses on their American Express Corporate Credit Card except where personal and business charges are commingled on one bill (i.e., movie rental while staying at hotel).
- (4) Employees that become 60-day delinquent in paying their AMEX bill will have their cards suspended until the past due balance is paid in full. While a company credit card is suspended, it will be the responsibility of the employee to pay for company-related expenses. When a card has been suspended for non-payment and the employee subsequently repays the balance, the employee's card may or may not be reinstated. If the card is reinstated a charge limit may be added. Once the AMEX reaches the limit, the card will not allow the employee to charge until the card is paid in full.

(13) Cash Advances

a. General Guidelines

- (1) Employees may obtain a cash advance for approved business travel by submitting a written request to the Accounting Department. Cash advances are Company property and should be documented expense reports.

(14) Enforcement

a. General Guidelines

- (1) This policy applies to all Redflex Traffic Systems employees. Any deviations from the policy should be discussed in advance with the employee's direct

PERSONNEL POLICIES
PROPERTY OF Redflex Traffic Systems, Inc.

supervisor and elevated up the management structure as necessary prior to submitting the expense for reimbursement.

- (2) Violations of this policy will be reviewed on a case by case basis and dependent upon the nature of the infraction may result in having the questionable expense denied. The employee submitting the inappropriate expense and the employee who reviewed the expense report may also be disciplined.
- (3) The Chief Financial Officer will review policy violations to determine the appropriate course of action.

(15) Driver Exclusion Form

I, _____ hereby acknowledge that I do not
(Print full name)

meet the company driving policy requirements. I agree not to drive on behalf of the company for any reason (personal car or company car). I also understand that I will not be eligible for mileage reimbursement because I am prohibited from driving on behalf of the company.

I understand that by not following this Exclusion Document, disciplinary action will be taken up to and including immediate termination.

Date: _____

Employee's Signature: _____

Supervisors/Manager Signature: _____

Note: If at any time the driving status changes and the employee can comply with the company driving policy they can be reinstated on the company policy. The employee must contact the office manager for reinstatement forms prior to driving on behalf of the company.

(16) International Travel

a. General Guidelines

- (1) It is the policy of Redflex that all employees traveling internationally check the federal Department of State for travel advisories. The federal Department of State posts travel advisories online at http://travel.state.gov/travel/cis_pa_tw/tw/tw_1764.html. In addition, the Department of State provides helpful tips for international travelers online at http://travel.state.gov/visa/americans/americans_1252.html.

International travel warnings are issued when the State Department recommends that Americans avoid a certain country. In addition the State Department issues Consular Information Sheets for every country of the world with information on such matters as the health conditions, crime, unusual currency or entry requirements, any areas of instability, and the location of the nearest U.S. embassy or consulate in the subject country.

PERSONNEL POLICIES
PROPERTY OF Redflex Traffic Systems, Inc.

If a warning is issued for a country that an employee will be traveling, the employee is prohibited to proceed with the travel plans. Please report any such warnings to their immediate manager.

PERSONNEL POLICIES
PROPERTY OF Redflex Traffic Systems, Inc.

Chapter 19 - RELOCATION

Policy:

It is the policy of Redflex Traffic Systems, Inc. to assist and reimburse eligible employees for the reasonable costs of relocation to new positions.

- (1) Employees who relocate at the request of management are eligible for reimbursement under this policy. Employees who request a relocation not initiated by management must negotiate their reimbursement with the department head at the new location.
- (2) Experienced new hires who are relocating to join the Company may be considered for the same assistance and reimbursement as employees who are asked to relocate to other Company facilities. However, the amount of relocation assistance provided to college and professional graduates will be negotiated on an individual basis upon hiring. Eligibility for reimbursement of relocation expenses may be contingent upon six months of satisfactory employee performance.
- (3) The Human Resources Department will assist employee with relocation. This assistance will include an explanation of the Company's relocation policy and outside services available to the employee, if any.
- (4) Eligible employees will be reimbursed for the reasonable expenses of moving:
 - (a) Packing, insuring, shipping, storing, and unpacking of household goods and personal effects;
 - (b) Transportation of employee and family;
 - (c) Two trips of up to five days each for the purpose of searching for a new residence;
 - (d) Temporary housing expenses following the relocation for a period of up to thirty days.
 - (e) In special circumstances, a relocating employee may be eligible for special pay or reimbursement adjustments to compensate for cost of living, housing cost, mortgage rate, or other cost differentials arising from relocation. The Company will make this determination on a case-by-case basis.

PERSONNEL POLICIES
PROPERTY OF Redflex Traffic Systems, Inc.

Chapter 26 - SHORT-TERM ABSENCES

Policy:

It is the policy of Redflex Traffic Systems, Inc. to permit employees to be absent from work on an authorized short-term basis for a variety of reasons, including sickness or injury. To help employees maintain their income during authorized absences, the Company will provide compensation according to the guidelines below.

- (1) A short-term absence generally is any absence of two work weeks or less. Absence longer than two work weeks or those designated as Family and Medical Leave Act absences should be treated under the Leaves of Absence policy to ensure that employee rights are maintained. (See Chapter 27 - Leaves Of Absence.)
- (2) For the purpose of this policy, the phrase "immediate family" includes the employee's spouse, brother, sister, father, mother, children, stepchildren, father-in-law, mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, grandparents, and any member of the employee's household. An authorized short-term absence may include any of the following:
 - (a) Sickness or injury resulting in temporary disability of the employee or a member of the employee's immediate family;
 - (b) Death, funeral, or estate settlement in the employee's immediate family;
 - (c) Marriage of the employee or a member of the employee's immediate family;
 - (d) Urgent personal business that cannot be conducted outside of normal work hours;
 - (e) Jury duty or testifying as a subpoenaed witness in a judicial proceeding;
 - (f) Voting in local, state, or national elections;
 - (g) Religious observance required by the employee's religion (see Chapter 17 - Holidays);
 - (h) Emergency closing of the Company's operations; and
 - (i) Approved voluntary participation in community activities.
- (3) In order for short-term absence to be considered authorized and potentially eligible for compensation, employees must obtain approval for the absence from their supervisor. Employees should give their supervisor 30 days advance notice of an anticipated absence or as much advance notice as is practicable under the circumstances. Unauthorized absences will be considered abuse of this policy and may result in disciplinary action including termination (See Chapter 25 - Attendance And Punctuality; Chapter 27 - Leaves Of Absence; and Chapter 37 - Disciplinary Procedure.)
- (4) Eligible employees generally may receive compensation for approved short-term absence for Bereavement Leave. Such Bereavement Leave may be available for

PERSONNEL POLICIES
PROPERTY OF Redflex Traffic Systems, Inc.

up to three (3) days if the absence requires the employee's attendance with-in the state of employment, or for up to five (5) days if the death is that of an out-of-state absence for serious illness or death in the employee's immediate family. Bereavement Leave in excess of three (3) days must be approved by your Company's Senior Manager.

- (5) If the absence is due to illness or injury of the employee or a family member, written certification from the health care provider is required if the absence exceeds three consecutive days and also may be required for a shorter absence (see Chapter 6 - Medical Procedures; and Chapter 27 - Leaves Of Absence). Employees who falsify the reason for an absence will be subject to disciplinary action, up to and including termination, and compensation for the absence will be stopped immediately. (See Chapter 37 - Disciplinary Procedure.)
- (6) Depending on the short term leave reason vacation, sick or personal time accrued will be used. Non-exempt employees can take this time off with no pay.
- (7) Sick leave will be used only for illness or injury. Unused sick leave may be carried over to the next year with no cap. Unused sick leave is not paid out to employees upon separation.
- (8) The employee's supervisor must give written approval for payment for sick leave. An employee must call the supervisor within one hour of the start of the shift on the day of illness to report the absence. If the employee does not call, then the employee will not receive sick leave pay for that day.
- (9) An employee requesting payment for sick leave refusing to furnish acceptable medical proof will not be paid for the absence.
- (10) Full-time employees begin sick leave accrual upon their hire date. Accrual is at the rate of ½ day per month, two (2) hours per pay period. Abuse of the sick leave privilege can result in disciplinary action including termination.
- (11) Part-time employees will accrue sick time at a rate of one (1) hour per pay period.
- (12) Employees returning from a short-term absence must report to their supervisor and, when appropriate, certify they are fit to return to work. The supervisor should make a record of the employee's absence and return date and forward a copy to the Human Resources Department. When necessary, the supervisor should counsel the employee on the importance of good attendance and warn that excessive absences will lead to discipline, up to and including termination. (See Chapter 25 - Attendance And Punctuality; and Chapter 37 - Disciplinary Procedure.)

PERSONNEL POLICIES
PROPERTY OF Redflex Traffic Systems, Inc.

- (12) Compensation during authorized absences will not be granted before days of paid absence have been accrued. In addition, authorized days off for short-term absences will not be considered as working time for calculating weekly overtime compensation. (See Chapter 7 - Hours Of Work.)

- (13) Paternity Leave – A leave of absence of up to five (5) days will be given for the father after the birth of a child, adoption, or legal guardianship. This leave is without pay unless the employee has earned vacation leave or sick leave to apply. (For long-term leave for birth of a child see Chapter 27.)

Schedule O

Campaign Contribution Limitations and Reporting



7. Schedule O



SCHEDULE O

CONTRACTOR ACKNOWLEDGEMENT OF CITY OF OAKLAND CAMPAIGN CONTRIBUTION LIMITS

To be completed by City Representative prior to distribution to Contractor

City Representative _____ Phone _____ Project Spec No. _____

Department _____ Contract/Proposal Name _____

This is an Original Revised form (check one). If Original, complete all that applies. If Revised, complete Contractor name and any changed data.

Contractor Name Redflex Traffic Systems Phone 480-607-0705

Street Address 15020 N 74th ST City Scottsdale State AZ Zip 85260

Type of Submission (check one) Bid Proposal Qualification Amendment

Majority Owner (if any). A majority owner is a person or entity who owns more than 50% of the contracting firm or entity. N/A

Individual or Business Name _____ Phone _____

Street Address _____ City _____ State _____ Zip _____

The undersigned Contractor's Representative acknowledges by his or her signature the following:

The Oakland Campaign Reform Act limits campaign contributions and prohibits contributions from contractors doing business with the City of Oakland and the Oakland Redevelopment Agency during specified time periods. Violators are subject to civil and criminal penalties.

I have read Oakland Municipal Code Chapter 3.12, including section 3.12.140, the contractor provisions of the Oakland Campaign Reform Act and certify that I/we have not knowingly, nor will I/we make contributions during the period specified in the Act.

I understand that the contribution restrictions also apply to entities/persons affiliated with the contractor as indicated in the Oakland Municipal Code Chapter 3.12.080.

If there are any changes to the information on this form during the contribution-restricted time period, I will file an amended form with the City of Oakland.

Aaron Rosenberg
Signature

10/22/06
Date

Aaron Rosenberg PAO
Print Name of Signer

Vice President
Position

To be Completed by City of Oakland after completion of the form

Date Received by City: ___/___/___ By _____

Date Entered on Contractor Database: ___/___/___ By _____



Schedule P

Nuclear Free Zone Disclosure



8. Schedule P – Nuclear Free Zone Disclosure



SCHEDULE P
NUCLEAR FREE ZONE DISCLOSURE
(This form is to be completed by the prime consultant)

I, Aaron Rosenberg, the undersigned, a
(Name)
Vice President of Redflex Traffic Systems
(Title) (Business Entity)
(hereinafter referred to as Business Entity am duly authorized to attest on behalf of the business Entity)

- I. Neither this Business Entity nor any of its subsidiaries, affiliates or agents engages in nuclear weapons work or anticipates entering into such work for the duration of its contract(s) with the City of Oakland.
- II. The appropriate individuals of authority are cognizant of their responsibility to notify the Office of Finance of the City of Oakland if the Business Entity or any of its subsidiaries, affiliates or agents subsequently engages in nuclear weapons work.

I declare that the foregoing is true and correct to the best of my knowledge.

10/02/06
(Date)
Aaron Rosenberg
(Signature and Name)
Redflex Traffic Systems, Inc.
(Name of Business Entity)
15020 N 74th Street
(Street Address)
Scottsdale, AZ 85260
(City, State and Zip Code)
Redflex Holding Limited
(Name of Parent Company)

Original form should be retained in the project file and a copy to be included with the contract documents submitted to the City Clerks office.

Revision 6/06



Schedule Q

Insurance Requirements Professional and Specialized Services

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID L1
REDFL-1

DATE (MM/DD/YYYY)
07/25/07

PRODUCER
Crist Elliott Machette Ins.
License #OB17224
2201 Broadway, Suite 725
Oakland CA 94612
Phone: 510-832-8000 Fax: 510-832-5054

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

Redflex Traffic Systems, Inc.
15020 N. 74th St.
Scottsdale AZ 85260

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Continental Casualty Company	
INSURER B: Continental Insurance	
INSURER C: Valley Forge Insurance Co	
INSURER D: Lloyds of London Insurance	
INSURER E: Travelers Casualty & Surety Co	

COVERAGES

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS		
A	X	GENERAL LIABILITY	2092673062	03/15/07	03/15/08	EACH OCCURRENCE	\$ 1,000,000	
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000	
		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$ 5,000	
		<input checked="" type="checkbox"/> Empl Benefits Lia				PERSONAL & ADV INJURY	\$ 1,000,000	
		GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE	\$ 2,000,000	
		<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				PRODUCTS - COMP/OP AGG	\$ 2,000,000	
						Emp Ben.	1,000,000	
B	X	AUTOMOBILE LIABILITY	2092673059	03/15/07	03/15/08	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000	
		<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$	
		<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$	
		<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$	
		<input type="checkbox"/> HIRED AUTOS						
		<input type="checkbox"/> NON-OWNED AUTOS						
B	X	Comp-\$1000 ded						
B	X	Coll- \$1000 ded						
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$	
		<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY: EA ACC	\$	
						AGG	\$	
A	X	EXCESS/UMBRELLA LIABILITY	2092673045	03/15/07	03/15/08	EACH OCCURRENCE	\$ 19,000,000	
		<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 19,000,000	
		<input type="checkbox"/> DEDUCTIBLE					\$	
		<input checked="" type="checkbox"/> RETENTION \$10,000					\$	
C	C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	(CA) 2082598038	05/01/07	05/01/08	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS	OTH-ER	
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?	2082598275 (ALL OTHER STS)	05/01/07	05/01/08	E.L. EACH ACCIDENT		\$ 1000000
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE		\$ 1000000
						E.L. DISEASE - POLICY LIMIT	\$ 1000000	
D		Errors&Omissions& Cyberliability	SP000320B	03/15/07	03/15/08	E&O	2,000,000	
						Deductibl	35,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
The City of Oakland, its Councilmembers, directors, officers, agents and employees are named as additional insureds on the General Liability per G140331A. Waiver of Subrogation applies on the General Liability per CG29881093. Primary wordings also applies on the General Liability policy. The City's insurance will apply in excess on this insurance.

CERTIFICATE HOLDER

OAKLAND

Oakland City Hall
One Frank H. Ogawa Plaza
Oakland CA 94612

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.
AUTHORIZED REPRESENTATIVE
Robert M. Manone



IMPORTANT: THIS ENDORSEMENT CONTAINS DUTIES THAT APPLY TO THE ADDITIONAL INSURED IN THE EVENT OF OCCURRENCE, OFFENSE, CLAIM OR SUIT. SEE PARAGRAPH C.1. OF THIS ENDORSEMENT FOR THESE DUTIES.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CONTRACTOR'S SCHEDULED AND BLANKET ADDITIONAL INSURED
ENDORSEMENT WITH PRODUCTS-COMPLETED OPERATIONS COVERAGE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization: **Designated Project:** Per contract

(Coverage under this endorsement is not affected by an entry or lack of entry in the Schedule above.)

- A. WHO IS AN INSURED (Section II)** is amended to include as an insured any person or organization, including any person or organization shown in the schedule above, (called additional insured) whom you are required to add as an additional insured on this policy under a written contract or written agreement; but the written contract or written agreement must be:
1. Currently in effect or becoming effective during the term of this policy; and
 2. Executed prior to the "bodily injury," "property damage," or "personal and advertising injury".
- B.** The insurance provided to the additional insured is limited as follows:
1. That person or organization is an additional insured solely for liability due to your negligence specifically resulting from "your work" for the additional insured which is the subject of the written contract or written agreement. No coverage applies to liability resulting from the sole negligence of the additional insured.
 2. The Limits of Insurance applicable to the additional insured are those specified in the written contract or written agreement or in the Declarations of this policy, whichever is less. These Limits of Insurance are inclusive of, and not in addition to, the Limits of Insurance shown in the Declarations.
3. The coverage provided to the additional insured by this endorsement and paragraph f. of the definition of "insured contract" under DEFINITIONS (Section V) do not apply to "bodily injury" or "property damage" arising out of the "products-completed operations hazard" unless required by the written contract or written agreement.
 4. The insurance provided to the additional insured does not apply to "bodily injury," "property damage," or "personal and advertising injury" arising out of an architect's, engineer's, or surveyor's rendering of or failure to render any professional 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; and
 - b. Supervisory, or inspection activities performed as part of any related architectural or engineering activities.
- C.** As respects the coverage provided under this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS** are amended as follows:



1. The following is added to the Duties In The Event of Occurrence, Offense, Claim or Suit Condition:

e. An additional insured under this endorsement will as soon as practicable:

- (1) Give written notice of an occurrence or an offense to us which may result in a claim or "suit" under this insurance;
- (2) Tender the defense and indemnity of any claim or "suit" to any other insurer which also has insurance for a loss we cover under this Coverage Part; and
- (3) Agree to make available any other insurance which the additional insured has for a loss we cover under this Coverage Part.

f. We have no duty to defend or indemnify an additional insured under this endorsement until we receive written notice of a claim or "suit" from the additional insured.

2. Paragraph 4.b. of the Other Insurance Condition is deleted and replaced with the following:

4. Other Insurance

b. Excess Insurance

This insurance is excess over any other insurance naming the additional insured as an insured whether primary, excess, contingent or on any other basis unless a written contract or written agreement specifically requires that this insurance be either primary or primary and noncontributing.

POLICY NUMBER: 2092673062

COMMERCIAL GENERAL LIABILITY
CG 29 88 10 93

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:

The City of Oakland, its Councilmembers, directors, officers, agents and employees

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

The TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US Condition (SECTION IV) is amended by the addition of the following:

We waive any rights of recovery we may have against the person or organization shown in the Schedule above because of payments we make for "bodily injury" or "property damage" arising out of your ongoing operations. This waiver applies only to the person or organization shown in the Schedule above.



DECLARATION OF COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act (ADA) requires that private organizations serving the public make their goods, services and facilities accessible to people with disabilities. Furthermore, the City of Oakland requires that all of its Contractors comply with their ADA obligations and verify such compliance by signing this Declaration of Compliance.

The Contractor certifies that it will comply with the Americans with Disabilities Act by:

- A. Adopting policies, practices and procedures that ensure non-discrimination and equal access to Contractor's goods, services and facilities for people with disabilities;
- B. Providing goods, services and facilities to individuals with disabilities in an integrated setting, except when separate programs are required to ensure equal access;
- C. Making reasonable modifications in programs, activities and services when necessary to ensure equal access to individuals with disabilities, unless fundamental alteration in the nature of the Contractor's program would result;
- D. Removing architectural barriers in existing facilities or providing alternative means of delivering goods and services when removal of barriers is cost-prohibitive;
- E. Furnishing auxiliary aids to ensure equally effective communication with persons with disabilities; and
- F. If contractor provides transportation to the public, by providing equivalent accessible transportation to people with disabilities.

The undersigned authorized representative hereby obligates the applicant to the above stated conditions under penalty of perjury.

Redflex Traffic Syst Sandra Stevens
 Company Name Signature of Authorized Representative

15020 N. 74th St. Sandra Stevens
 Address Type or Print Name

480-998-0443 9/24/07 HR Manager
 Phone Date Type or Print Title



**SCHEDULE M
INDEPENDENT CONTRACTOR QUESTIONNAIRE TO BE COMPLETED BY PROPOSED
CONTRACTOR**

FOR CITY USE ONLY

Based upon a review of this questionnaire and any other factors I have cited below, I have determined that this person (is) no (is not) an independent contractor.

Corporation doing business nationally.

[Signature]

Date

Oct 3, 2007

City Attorney/Assistant City Attorney/
Deputy City Attorney

PART A: INDEPENDENT CONTRACTOR QUESTIONNAIRE TO BE COMPLETED BY PROPOSED CONTRACTOR

Name of Contractor

REDFLEX TRAFFIC SYSTEMS

SSN or Corporate Taxpayer ID No. of Contractor

94-3292233

Please answer questions "yes" or "no" wherever possible. When a more extensive explanation is required and there is no space on this form, please attach a separate sheet.

The word contract refers to the agreement the City is contemplating entering into with you.

NOTE: CORPORATIONS MUST PROVIDE THE CORPORATE FEDERAL TAXPAYER NUMBER IN THE SPACE ABOVE AND ATTACH A CALIFORNIA SECRETARY OF STATE BUSINESS REGISTRATION RECORD (FROM WEBSITE) SHOWING "ACTIVE" STATUS. CORPORATIONS ARE NOT REQUIRED TO COMPLETE THE REMAINDER OF THIS FORM, BUT A CORPORATE REPRESENTATIVE MUST SIGN.

	Yes	No
1. Have you performed services for the City in any year(s) prior to 2007? If yes, please indicate which years.		✓
2. Have you received any training, guidance, or direction from the City as to how the City expects the job (for which your services are contemplated) to be done? If yes, please describe what you are expecting (or have received) in the way of training or direction. <i>DIRECTION PER RFP ISSUED.</i>	✓	
3. Will your services under the contract be performed on City property? If no, please describe where the services are to be performed. <i>SERVICES WILL BE PERFORMED AT CITY CONTROLLED INTERSECTIONS FOR DATA CAPTURE.</i>	✓	
4. Do you expect to devote any full days (6 or more hours) or full weeks (30 or more hours) towards performing the services under the contract? If yes, please indicate approximately how many full days and/or full weeks you expect to devote during the life of the contract. <i>CONTRACTUAL TERMS WILL DISCLOSE 24 X 7 OPERATIONS FOR THE LIFE OF THE CONTRACT.</i>	✓	
5. Are there any set or fixed hours or days of the week during which the City is expecting you to perform services under the contract? If yes, please indicate the days and hours during which you will be performing services. <i>24 X 7 X 365</i>	✓	



**SCHEDULE M
INDEPENDENT CONTRACTOR QUESTIONNAIRE TO BE COMPLETED BY PROPOSED
CONTRACTOR**

	Yes	No
6 Please provide the date on which you expect to complete your services under the contract (dd/mm/yy). <u>PER CONTRACTUAL AGREEMENT</u>	✓	
7 In order to perform services under the contract, do you intend to provide your own supplies or equipment? If yes, briefly describe the equipment/supplies. <u>YES, ALL NECESSARY EQUIPMENT WILL BE PROVIDED AND INSTALLED BY REDFLEX</u>	✓	
8. If your response to No. 7 is yes, has the City promised to or will you be expecting the City to reimburse you in any way for the cost of the supplies or equipment?		✓
9 Other than the above-referenced supplies and equipment, do you anticipate incurring any unreimbursable out-of-pocket expenses in the performance of the contract with the City? If yes, please describe.		✓
10. Do you have federal and state employer identification numbers? If so, please provide these numbers. <u>FED ID# 94-3292233 Employer CA Acct# 43848092</u> <u>CA Franchise Tax Board ID# 100137431</u>		
11 Within the past two years have you performed the same type services (as called for in the contract) for any client or customer other than the City? If yes, please identify the client or customer and briefly describe the services performed. <u>YES, FOR APPROX. 120 COMP. NATION-WIDE</u>	✓	
12. Do you currently have clients or customers other than the City for whom you are or will perform services during the duration of the contract? If yes, please identify client or customer by name and briefly describe the nature of services performed. <u>YES, SAME AS ABOVE.</u>	✓	
13. In the past two years have you notified any insurance company in conjunction with obtaining a business-related insurance policy that you are self-employed? If yes, please indicate the insurance company and the nature of the business-related policy.		✓
14. Do you have your own employees to help you perform the services called for by your contract? (Do not refer to independent contractors you may use to assist you) <u>YES</u>	✓	
15. Within the past two years have you been the employee of any employer (received a W-2)? If yes, state the employer(s), the date(s) of employment, and the nature of the services performed		✓
16. Do you have an office or business address other than your own home address, a City of Oakland office or your employer's business address? If yes, please state the address		✓
17. With regard to the following, please indicate whether you have: a. an existing business letterhead? (please attach)	✓	



**SCHEDULE M
INDEPENDENT CONTRACTOR QUESTIONNAIRE TO BE COMPLETED BY PROPOSED
CONTRACTOR**

	Yes	No
b. an existing business phone number other than your home number? (please indicate # along with area code) <u>480-607-0705</u>	<input checked="" type="checkbox"/>	
c. filed for a fictitious business name? If yes, please attach a certified copy of the County issued certificate and an affidavit of publication.		<input checked="" type="checkbox"/>
d. done public advertising for your business? If yes, please attach the ad copy or briefly describe your advertising efforts.		<input checked="" type="checkbox"/>
18. If you have answered parts or all of No. 17 with "Yes," are the services represented in your answers the same type of services you will be performing for the City?	<input checked="" type="checkbox"/>	
19. Do you have a license from any governmental agency to perform the services under the contract? If yes, please state the type of license and name of the licensing agency.		<input checked="" type="checkbox"/>
20. Please describe the extent of any personal financial investment you have made in order to be self-employed. You may either choose to indicate the actual dollar amount of investment or, without disclosing any dollar amount, briefly describe any purchases, leases or other types of financial commitments made by you for self employment purposes. <u>Funding for Capital investment provided by Harris Bank</u>	<input checked="" type="checkbox"/>	

I VERIFY THAT THE RESPONSES ABOVE ARE TRUE AND CORRECT.

Rob Feiler VP of Field Operations
9-27-07 REDFLEX TRAFFIC SYSTEMS, INC.
 Date Contractor

PLEASE INDICATE WHETHER YOU OBJECT IF THE CITY DECIDES TO TREAT YOU AS A SHORT-TIME CONTRACT EMPLOYEE RATHER THAN AN INDEPENDENT CONTRACTOR AND THE REASON FOR YOUR OBJECTION.

California Business Portal

Secretary of State DEBRA BOWEN

DISCLAIMER: The information displayed here is current as of SEP 28, 2007 and is updated weekly. It is not a complete or certified record of the Corporation.

Corporation		
REDFLEX TRAFFIC SYSTEMS (CALIFORNIA), INC.		
Number: C2170373	Date Filed: 7/19/1999	Status: active
Jurisdiction: California		
Address		
15020 N 74TH ST		
SCOTTSDALE, AZ 85260		
Agent for Service of Process		
NATIONAL REGISTERED AGENTS, IN C.		
2030 MAIN STREET STE 1030		
IRVINE, CA 92614		

Blank fields indicate the information is not contained in the computer file.

If the status of the corporation is "Surrender", the agent for service of process is automatically revoked. Please refer to California Corporations Code Section 2114 for information relating to service upon corporations that have surrendered.



**SCHEDULE M
PART B
INDEPENDENT CONTRACTOR QUESTIONNAIRE**

(To be completed by the City Department or Agency and submitted with (contractor's) completed Part A to the City Attorney for written approval before the contract is circulated for signatures)

Contracting Dept or Agency _____
 Dept. or Agency Liaison _____ (Ext. _____)
 Name of Contractor _____
 Contractor EIN or SSN _____

JK To be completed by the City Department or Agency, and attached in completed form with Part A (completed by the Contractor) and submitted for written approval to the City Attorney before submission of contract.

1. Briefly describe the work to be performed by the Contractor. _____

2. Will this contract require the Contractor to personally perform all services or will the Contractor have the option of assigning duties to his or her own employees or assistants?

3. Do you intend to give the Contractor instructions on how to do the work under the contract?

4. Briefly describe the extent to which you are planning to supervise or oversee the work of the Contractor. _____

5. Will the work of the Contractor end because this is a finite project or will it end because there are not funds to support the continuation of the Contractor's work beyond a specific date?

6. Describe the extent to which the Contractor will work on or at City facilities or sites (rather than in the Contractor's own offices). _____

7. Are all services to be performed by the Contractor clearly distinguishable from the duties performed by any employee in any City of Oakland job classification?

Revised 7/14/06

**SCHEDULE M
PART B
INDEPENDENT CONTRACTOR QUESTIONNAIRE**

8. If your response to No. 7 is "No", identify job classifications having duties material or significant to the classification which are similar. (Verify with OPRM if uncertain.)

9. Will the Contractor be paid on an hourly basis? If yes, please state the amount per hour.

10. Will the Contractor be paid on a total project basis? And, if the Contractor will be paid on a basis other than hourly or by total project basis, please describe _____

11. Over how long a period of time will services under this contract be performed?

12. Will the services require the Contractor's full-time attention for any given day (6 or more hours) or given week (30 or more hours) during the duration of the contract? If yes, please indicate the approximate amount of time _____

13. Describe the extent to which the City is requiring the Contractor to perform the services on fixed days of the week or at fixed hours. _____

14. Will the Contractor be asked to keep hourly records and report time spent on the project by the hour or portions thereof?

15. Will the Contractor be reimbursed or expect reimbursement for expenses incurred in the performance of this contract?

16. Is the City expecting the Contractor to put in a minimum number of hours per week on the project?

17. Will the Contractor be expected to attend meetings scheduled by the City? If so, describe the type and frequency of meetings. _____

18. Is there is a reason why the City cannot or should not employ the person as a temporary civil-service-exempt employee? If there is such a reason, briefly explain below:

**SCHEDULE M
PART B
INDEPENDENT CONTRACTOR QUESTIONNAIRE**

**I VERIFY THAT THE ABOVE RESPONSES ARE TRUE AND CORRECT TO THE BEST
OF MY KNOWLEDGE.**

Date

Department or Agency Liaison



SCHEDULE- S

Audit, Inspection and Fiscal Reporting Requirements

NOTE: Business and service contracts up to \$500,000 are exempt under items #1,5,7 and B3.

1. Interim Financial Reports. The Contractor will provide the City or Redevelopment Agency and City Auditor a compilation financial statement prepared in accordance with Generally Accepted Accounting Principles no later than forty-five (45) days at the end of each month/bi-monthly/calendar quarter (circle one)¹ period. ()
2. Property Accounting. The City and Contractor will inventory all City property, real or personal, that is transferred to the custody of the Contractor, if any, at the inception of this agreement. Annually, Contractor shall provide an inventory and an acquisition and disposal report for all City property transferred and all property acquired with City funds disbursed under this Agreement.
3. Protection of the Entity, Integrity and Assets. In order to protect the entity, it shall comply with the following:
 - (a) Proceeds from the sale of assets that are listed as collateral for the loan to the entity shall be applied to reduction of debt owed to the City by that entity.
 - (b) The Contractor shall not issue stock, add new partners, add new equity participants or encumber the ownership of the owners without the prior written approval of the City.
4. Tax Reports. At the option of the governing agency or the City Auditor, the Contractor shall provide payroll tax reports, sales tax reports, income tax reports, hazardous materials reports and other reports filed with federal, state and local government.
5. Accounting. The Contractor is required to prepare and maintain an up-to-date double entry General Ledger on the accrual basis in accordance with Generally Accepted Accounting Principles. ()
6. Expenditures Required by Contractor. Contractor shall provide, during the course of the agreement, reports of expenditures from the proceeds of City funds, loan funds from City administered programs and grants from programs administered by the City. The reports shall be at such frequency and of such content as specified by the City oversight agency and/or the City Auditor. Supporting documents may be required.
7. Fiscal Year End. Contractor, within one hundred twenty (120) days after the end of the fiscal year, shall provide to the governing agency and the City Auditor a Reviewed or Audited (circle one)² financial statement prepared by a Certified Public Accounting firm acceptable to the City Auditor. The statement shall be prepared in accordance with Generally Accepted Accounting Principles. Where applicable, such statements shall conform to the Single Audit Act, Circular OM13 A- 133. This audit provision shall conform to the Table of Contract Clauses Related to Financial Responsibilities ()

¹ Select report period as recommended by the City Auditor.

² Select report level as prescribed by the City Auditor's Table of Contract Clauses Related to Financial Responsibility



In addition, a copy of the Management Letter from the CPA firm shall be provided.

A. Contractor agrees to comply with the City's audit requirements for nonprofit organizations:

1. For agencies receiving annually less than \$100,000 in cumulative funding from all sources (government or private), the Community and Economic Development Agency, in conjunction with the City Auditor's Office, will determine agencies to be selected for audit oversight of grant funded activities by the City Auditor's Office or a designated auditor.
2. For agencies receiving annually at least \$100,000 but less than \$300,000 in cumulative funding from all sources (government or private), an audited financial by a CPA is to be provided to the oversight agency and the City Auditor
3. For agencies receiving annually \$300,000 or more in cumulative funding from all sources (government or private) a single audit report shall be provided.

B. Contractor agrees to comply with the following general requirements for audits:

1. Where applicable, audits must be conducted in accordance with Government Auditing Standards (2003 and subsequent revisions) prescribed by the Comptroller General of the United States. All other audits must be conducted in accordance with auditing standards generally accepted in the United States of America.
2. Contractor is encouraged, to the extent feasible; to procure its audits from small, local and minority and women-owned Oakland audit firms.
3. Funds to cover the cost of the CDBG portion of the audit may be set-aside in the CDBG budget.
4. A management letter shall be requested from the Certified Public Accountants and be presented to the City Auditor and the oversight committee
5. When Contractor is not subject to the City's audit requirements but obtains its own audit, a copy must be provided for the City's files within sixty (60) days after the audit has been completed by the Contractor's auditor along with the management letter.

8. Section Inspection of Books and Records

A. During the term of this Agreement, and for a period of four (4) years after the termination of this Agreement, or two (2) years after the closure of any disputed matter, whichever occurs later, (the "Audit Period"), Contractor shall maintain financial and operational records related to this Agreement or to any other agreement with City. Contractor shall make all books and records open to inspection by the governing agency, City Auditor or their individually assigned designee during normal business hours at a location within a twenty-five (25) mile radius of the City of Oakland for the period of this contract and for a period of four years after the close of each contract year.



- B. During the Audit Period, Contractor hereby grants to City or its designee(s), upon one (1) days prior notice to Contractor, access to and the right to make copies of any of Contractor's books, statements, documents, papers or records ("Financial Information") which arise from or relate to the terms and conditions of this Agreement and the performance of any services pursuant to this Agreement, or any other agreement between the parties, in order to permit City to conduct audits, examinations, excerpts and transition audits (collectively hereafter referred to as "Audit or Audits"). Contractor authorizes the City Auditor or his designee to obtain such information directly from these sources. City's right to Audit and to make copies shall apply whether such Financial Information is located at Contractor's offices or at Contractor's banks, financial institutions or lenders, or at the offices of Contractor's financial consultants, accountants or bookkeepers. For the purposes of such Audit, Contractor waives its right to the confidentiality of all Financial Information and Contractor authorizes the City or its designee(s) to access, obtain and make copies of Financial Information directly from Contractor's banks, financial institutions or lenders, or from Contractor's financial consultants, accountants or bookkeepers.
- C. Such Audits may be performed by City through its employees or by its designees including, without limitation, a third party auditor retained by City. City's right to Audit under this **Schedule S, Section 8.C** is independent, separate and distinct from any right to audit such books and records reserved by law or contract, or as a condition of funding, by the county, state or federal government.
- D. If any Audit of Contractor's invoices or other records reveals any variance from any invoice to City, or of any amount of any grant or loan funds provided to Contractor by City which is in excess of the amount actually due to or granted to Contractor by City, then: Contractor shall immediately refund any excess payment or funds received from City. In addition, if any Audit reveals any variance from any invoice or funds received from City in excess of one percent (1%) of the amount shown on such invoice or the amount of funds actually due to or granted to Contractor by City, Contractor shall immediately reimburse City for all costs and expenses incurred in conducting such Audit. Failure to pay such variance and the cost of the Audit as required herein shall constitute a material breach of the Agreement and City may terminate the Agreement in accord with the termination provisions of **Section 16** therein, and Contractor shall be subject to a breach of contract claim for damages by City and a claim for return of all grant or loan funds provided to Contractor by City.

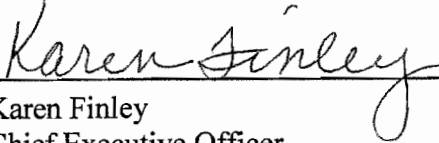
Responses to each item numbered attached.

Karen Dunley
Contractor's Signature

9-27-07
Date

Schedule S - Considerations

1. **Interim Financial Reports:** Redflex Traffic Systems, Inc. (RTSI) is a wholly-owned subsidiary of Redflex Holdings Limited (RHL) will provide consolidated financial reports to the City or Redevelopment Agency and City Auditor of publicly released financial reports on a bi-annual basis, which is when these reports are released.
2. **Property Accounting:** All property/fixed assets and title remains with the Contractor for the term of this Agreement, so no Property Accounting is applicable under this Agreement.
3. **Protection of the Entity, Integrity and Assets:** (a) This is not applicable, as they are not processed from the sales of assets, and (b) the Contractor is a wholly-owned subsidiary, so this requirement is not applicable under this Agreement.
5. **Accounting:** The Contractor will submit all publicly released RHL consolidated financial reports.
6. **Expenditures Required by Contractor:** The Agreement is a service contract; as such this is not applicable.
7. **Fiscal Year End:** The Contractor will provide audited financial reports from RHL at the end of the fiscal year upon public release of this information.



Karen Finley
Chief Executive Officer



City of Oakland

SCHEDULE T CONTRACT SUMMARY TRANSMITTAL*

FOR USE BY ALL CITY AGENCIES AND DEPARTMENTS FOR PROCUREMENT, CONSTRUCTION AND PROFESSIONAL SERVICES CONTRACTS

1. Agency: _____ Department: _____
2. Project Name: _____ Project Amount: _____
3. Budget / Funding. (** Multiple Funding Sources - Complete Additional Funding Section on Page 2)
Fund #: _____ Org #: _____ Account #: _____ Project #: _____ Program #: _____ Encumbrance Amount \$: _____
4. Project Manager / Responsible Employee Name: _____
Title: _____ Phone: _____ email: _____
5. Supervisor / Direct Report or Alternate Employee Contact
Name: _____ Phone: _____ email: _____
6. Consultant / Contractor Name: _____
Address: _____ Phone: _____ email: _____
7. Type of Contract (Mark x): Professional Service: _____ Construction: _____ Commodities: _____ Technology: _____
8. Statement of Contract Goal / Purpose: _____
9. Actual or Estimated Notice To Proceed (NTP) Date: _____ Estimated Completion Date: _____
10. Resolution Number: _____ Resolution Date: _____
11. Location of the Contract Documents: _____

THIS PORTION MUST BE COMPLETED BY THE AGENCY / DEPARTMENT AND/OR THE PROJECT MANAGER

Insert language below regarding the evaluation of performance and/or audit requirements. For example: This contract is subject to an independent audit initiated by the City of Oakland and/or this contract will be evaluated quarterly according to the deliverables defined below. Please attach separate sheets if required.

Performance, Inspection, Fiscal Reporting and Audit Requirements	
Performance Evaluation:	
Inspection Requirement:	
Fiscal Reporting Requirement:	
Audit Requirement:	

Deliverables	Date Due	Completion Date	Responsible Source (Prime, Sub, Supplier, Other)	Performance
1				
2				
3				

City Representative: _____ <small>(Please Print)</small>	Date: _____
City Representative Signature: _____	

City Clerk: _____ <small>(Please Print)</small>	Date: _____
City Clerk Signature: _____	

* Must be attached to the signed Contract / Agreement and the First and Final (last) Payment Requests

CONTRACT SUMMARY TRANSMITTAL PROCEDURE

Note: This Contract Summary Transmittal form must be completed and attached to the signed Contract / Agreement

Note: Agency / Department - Project Managers are responsible and must ensure:

Contract Compliance and Employment Services performed the following:

- 1) Compliance Analysis
- 2) Equal Benefits Determination
- 3) Living Wage Determination

Note: Before submission of a Contract:

Schedule M (Part A and B) must be submitted to the City Attorney's Office for written approval

- 1) Consultant / Contractor must complete Schedule M - Part A
- 2) The City Agency / Department must complete Schedule M - Part B

Note: A photocopy of the completed Contract Summary Transmittal form must be attached to the first and final payment request.

- 1) Photocopy the front and back of the completed Contract Summary Transmittal form
- 2) Photocopy must be attached to the back-up documentation, on the first payment request and on the final payment request that is submitted to the Finance and Management Agency / Accounts Payable Section

Contract Transmittal Procedure	Date Received	Received Initials	Date Returned	Returned Initials
Contract: Send to the City Attorney's Office for First Review				
Contract: Send to the Consultant / Contractor				
Contract: Send to the City Attorney's Office for Final Signature				
Contract: Send to the Agency / Department Fiscal Services to Encumber Funds				
Contract: Send to the Finance and Management Agency / Purchasing Division ***				
Contract: Send to the Agency / Department for Director's Signature				
Contract: Send to City Administrator's Office for Approval (for contracts over \$15,000)				
Contract: Send to City Clerk's Office				

*** All Contracts are sent to the Finance and Management Agency / Purchasing Division to ensure the required Funds are encumbered
Funds that are not encumbered may result in a delayed payment to the Consultant and/or Contractor

**Additional Funding Section

Fund Number	Organization Number	Account Number	Project Number	Program Number	Encumbrance Amount



SCHEDULE U COMPLIANCE COMMITMENT AGREEMENT

(For use by all city departments on construction contracts)
To be completed by the prime contractor

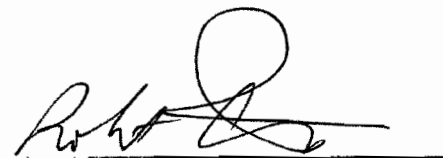
ROBERT FEILER, representing REDFLEX TRAFFIC SYSTEMS
(Name) (Company)

certify that:

I have read the City of Oakland and Redevelopment Agency Local/Small Local Business Enterprise Program (L/SLBE) and that for the pertinent project, I have achieved the requirement of 20% L/SLBE participation, of which at minimum 10% has been allotted to Local Business Enterprises (LBE), and 10% has been allotted to Small Local Business Enterprises (SLBE); and that 20% of the total trucking dollars have been allotted to certified Oakland Local Truckers. In the event that these requirements have not been achieved, I understand that my bid will be deemed non responsive.

As prime contractor for this project, I agree to use the City of Oakland's electronic payroll system to input ALL certified payrolls reports (including all tiers of subcontractors) for this project.

As prime, I agree to submit with the final payment request a completed "Exit Report and Affidavit form". The Exit Report and Affidavit form may be located on the City's website at www.oaklandnet.com.


(SIGNATURE)

ROBERT FEILER V.P. FIELD OPERATIONS
(TYPE NAME & TITLE)

Revision date 6/05




Schedule Z Certification of Debarment and Suspension

Under the requirements of OMB Circular A-133 Supplement, part 3, Section 1, the City is required to obtain certifications that contractors and sub-grantees receiving awards exceeding \$25,000 have not been suspended or debarred from participating in federally funded procurement activities.

1. The prospective primary participant certifies to the best of its knowledge and belief that its principals:
 - a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal debarment or agency.
 - b) Have not within a 3 year period preceding this proposal, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (Federal, State, or local) transaction under a public transaction or contract.
 - c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal State or local) with commission of the offenses enumerated in paragraph (1)(b) of this certification; and
 - d) Have not within a 3-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

By signing and submitting this form the prospective primary participant's authorized representative hereby obligates the proposer(s) to the above stated conditions.

<u>Redflex Traffic Systems, Inc.</u>			
Company Name		Signature of Authorized Representative	
<u>15020 N 74th St. Scottsdale AZ</u>		<u>Karen Finley</u>	
Address		Type or Print Name	
<u>480</u>	<u>607-0705</u>	<u>9/27/07</u>	<u>President and CEO</u>
Area Code	Phone	Date	Type or Print Title



Schedule Z Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transaction

Under the requirements of OMB Circular A-133 Supplement, part 3, Section 1, the City is required to obtain certifications that contractors and sub-grantees receiving awards exceeding \$25,000 have not been suspended or debarred from participating in federally funded procurement activities.

The prospective primary participant certifies to the best of its knowledge and belief that its principals:

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participants shall attach an explanation to this proposal.

By signing and submitting this form the prospective lower tier participant's authorized representative hereby obligates the proposer(s) to the above stated conditions.

Redflex Traffic Systems, Inc.
Company Name

Karen Finley
Signature of Authorized Representative

15020 N 74th St. Scottsdale AZ
Address

Karen Finley
Type or Print Name

480 607-0705
Area Code Phone

9/27/07
Date

President and CEO
Type or Print Title



REDFLEX
TRAFFIC SYSTEMS

Redflex Traffic Systems, Inc.
15020 N. 74th Street
Scottsdale, AZ 85260
Tel: 480 607 0705
Fax: 480 607 0752
www.redflex.com

Sample
of
Letterhead