
ADMINISTRATIVE REPORT

Date: **August 12, 2014**

Agenda Item No.: 16

Council Action Date: **September 15, 2014**

To: Honorable Mayor and City Council

**From: Mark D. Watkins, City Manager
Ken Corney, Police Chief**

Subject: Redflex Camera Assisted Traffic Safety System Contract Approval

RECOMMENDATION

It is recommended that the City Council:

- a) Authorize the City Manager to enter into an agreement with Redflex Traffic Systems, Inc., to provide services related to the City's Automated Traffic Enforcement System for a period of three years.
- b) Authorize Finance and Technology to assign the increased revenue and expenditure appropriations when new approaches are added to the Camera Assisted Traffic Safety System at a rate of \$14,124 per approach.

COUNCIL PRIORITIES

This action supports the City Council goal of:

- A Safe and Clean Ventura

PREVIOUS COUNCIL ACTION

The City of Ventura initially entered into an Agreement with Redflex in May 2000. There were four subsequent amendments in May 2001, January 2003, May 2006, and November 2008.

SUMMARY

In May 2000 the City of Ventura initially entered into a contract with Redflex Traffic Systems to provide red light automated enforcement at various city intersections. This contract was renewed with Redflex with four subsequent amendments. The current

contract expired in November 2013 and has been continuing on month-to-month extensions.

There are currently eighteen approaches (out of twenty possible) covered by Camera Assisted Traffic Safety System (CATSS). An approach is a direction of travel at an intersection such as Eastbound Telephone Road to Northbound Victoria Avenue. The goal of using CATSS for reducing traffic collisions and injuries related to red light violations has had a positive impact at each of these approaches.

Over the term of the last contract (2008-2013) there has been a 49% reduction of red light violations at Ventura's red light camera locations despite annual increases in traffic volumes.

The following are highlights of this new contract:

- Three- year contract with two 2-year automatic extensions unless declined by the City
- Redflex agrees to reduce the outstanding balance of \$2.7 million to \$1 million¹
- The City shall receive a guaranteed total of \$1177 per approach per month
- The City has the sole option of increasing the number of approaches from twenty up to forty total (individual intersections can have more than one approach)
- Requires an annual increase to City revenue based on the Consumer Price Index or 4% per year, whichever is greater

DISCUSSION

The CATSS has eighteen camera approaches throughout the city. Each of the cameras is placed in a specific direction of approach and does not cover all directions of travel at an intersection. When a violation is automatically recorded by the system, it is electronically sent to Redflex, which reviews the capture for errors. Barring no errors, the violation (nomination) is sent electronically to the Ventura Police Department for verification and authorization. This process includes verifying the registered owner of the vehicle matches the driver of the vehicle at the time of the violation. If no match is made, other means are taken to identify the driver. Once the driver is located and a police employee authorizes the violation, Redflex sends a notice of violation (citation) to the offender. When the offender receives the citation they have the ability to view their violation via a web-link provided to them in the citation letter. The citation process is then completed through the Ventura County Superior Court system.

¹ Under the current contract, the City owes Redflex \$2.7 million because receipts from citation convictions, after reductions for payments to the City, do not meet the monthly cost per approach paid to Redflex. Redflex is willing to reduce the balance owed to \$1 million. However, if Redflex and/or the City terminate the contract, or decide not to renew it, paying Redflex all citation conviction receipts for one additional year will satisfy the outstanding balance.

The merits and accomplishments of the Red Light Photo Program in the years from implementation in 2001 to the last contract signed in 2008 is a matter of record and detailed in prior Administrative Reports. Specifically, the public safety value of the last contract term is best demonstrated in the reduction of red light violations at intersections with cameras. The decrease in red light violations over the period of the last contract is direct evidence of modified driving behavior even with an increase in vehicle traffic at these intersections. It appears that drivers in Ventura are electing to comply with traffic signals, decreasing collisions and injuries to the community. Collisions also bear substantial societal costs and expenditures of public safety resources required to respond to them.

Furthermore, enforcing red light violations by posting Officers at high violation intersections is not realistic given current staffing levels, the amount of calls for service, and the amount of locations within the City deserving of such attention.

Recently, the California Supreme Court has upheld the issuance of Automated Traffic Enforcement System tickets in two cases – *People v. Gray* (2014) 58 Cal. 4th 901 and *People v. Goldsmith* (2014) 58 Cal. 4th 258.

ANALYSIS

The primary goal of CATSS is to reduce traffic collisions and injuries related to red light violations. Red light violations cause right angle collisions that result in more serious injury and fatal collisions than any other violation. By reducing red light violations, right angle collisions have been reduced. This has also resulted in fewer injury and fatal collisions. In 2008, there were a total of 21,685 violations recorded at camera approaches. In 2013, the total violations recorded were 10,952, a 49% reduction of violations. Of course, not all violations are issued tickets but the decrease is still a remarkable reduction.

The following table shows annual red light collisions at all Ventura intersections since 2007 through 2013:

Year	Red light collisions	% Change from 2000 CATSS Launch
1998	124	
1999	128	
2000	132	
2001	107	19%
2002	115	13%
2003	100	24%
2004	101	23%
2005	93	30%
2006	92	30%
2007	45	66%
2008	41	69%
2009	40	70%

2010	39	70%
2011	34	74%
2012	38	71%
2013	36	73%

Additionally, this graph shows verified red light violations (nominations) at each CATSS location that Redflex sends to the police department for review for possible citation issuance:

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Victoria/Telegraph	1723	1428	946	813	1100	1093	924	336	282	403	539	633
Victoria/Telephone	1758	1490	1079	875	916	976	730	534	526	563	590	621
Mills/Main	549	265	310	278	378	244	256	234	250	339	454	436
Victoria/Ralston	1116	781	608	741	692	620	559	285	276	350	488	562
Seaward/Thompson	1215	1009	1015	708	601	587	528	283	231	321	414	429
Mills/Dean	530	548	343	368	371	385	522	549	514	558	1071	1068
Main/Lemon Grove	636	640	445	619	493	494	629	397	312	276	324	418
Victoria/Valentine	1285	1084	692	800	769	852	742	653	557	598	795	816
Victoria/Olivas Park	1607	1217	632	420	425	368	322	269	246	315	324	296
Bristol/Johnson	338	238	174	109	187	150	155	112	87	133	206	179
Victoria/Moon	1224	1065	1047	873	963	679	743	591	604	545	414	642
Mills/Telegraph	133	133	121	111	124	2410	10155	3698	3123	3309	729	864
Foothill/Victoria	583	457	410	426	451	218	198	168	161	152	272	78
Johnson/N. Bank	689	584	369	99	186	149	137	159	123	117	282	199
Telegraph/Day	302	251	170	154	148	127	134	101	113	88	152	132
E. Telephone/Victoria	771	975	1401	1053	734	672	731	419	388	384	505	550
Main/101 NB onramp	N/A	N/A	1536	1921	2354	2068	747	617	562	860	447	1043
California/Thompson	N/A	N/A	N/A	N/A	N/A	334	3463	3340	956	928	2091	1986
Totals	14459	12165	11298	10368	10892	12426	21685	12745	9311	10239	10097	10952

Additional approaches could be added at the sole discretion of the city after careful analysis of accident and violation data.

IMPACTS

Traffic enforcement helps reduce traffic collisions and injuries. In prior years, the Traffic unit has had as many as seven officers assigned to the team. Since 2011, the traffic team has been reduced to a total of four officers and the CATSS cameras help reduce traffic collisions and injuries as a result of awareness and enforcement.

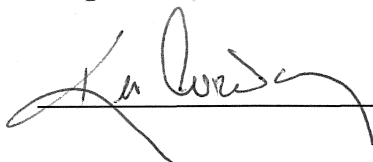
The City currently obtains \$254,232 in revenue annually from the Redflex program to operate eighteen approaches. Additional revenue could increase in the amount of \$14,124 annually per new approach (if agreed to by the City). Cost Neutrality is guaranteed (with

few exceptions) in this contract, which reduces the outstanding balance to \$1,000,000 owed by the City to Redflex.

ALTERNATIVES

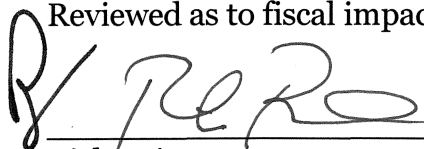
The City Council could decide not to accept the recommendation to approve this contract. Non-renewal would, however, require the existing camera systems to remain in place for an additional year. As noted above, under the terms of the current contract the City owes Redflex \$2.7 million because receipts from citation convictions, after reductions for payments to the City, do not meet the monthly cost per approach we are contractually obligated to pay to Redflex. While Redflex would be willing to reduce the balance owed to \$1 million, it would have to be paid from the totality of all citation conviction receipts for one additional year. Further, we believe that past data support a presumption that traffic collisions and related injuries could increase without a CATSS system in operation. Non-renewal of the contract would also result in the loss of \$254,232 in annual revenue that currently provides funding for a Police Traffic Officer and two part-time positions that administer the Redflex program.

Prepared by Commander Al Davis for:



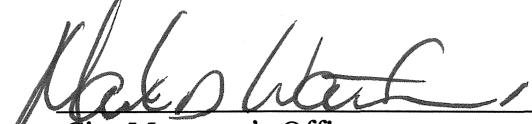
Chief Ken Corney
Police Chief

Reviewed as to fiscal impacts



Rick Raives
Acting Finance and Technology Director

FORWARDED TO THE CITY COUNCIL



City Manager's Office

ATTACHMENT:

- A Proposed contract

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**AGREEMENT BETWEEN THE CITY OF SAN BUENAVENTURA
AND REDFLEX TRAFFIC SYSTEMS, INC. FOR
TRAFFIC CAMERA SAFETY IMPROVEMENT PROGRAM**

This Agreement (the "Agreement") is made as of ___[insert date that current contract terminates]_____, 201X ("Effective Date") by and between Redflex Traffic Systems, Inc., a Delaware Corporation("Redflex"), and The City of San Buenaventura a municipal corporation and charter city ("City"), each of which is hereinafter referred to individually as "Party" or collectively as "Parties".

RECITALS

WHEREAS, Redflex has exclusive knowledge, possession and ownership of certain equipment, licenses, applications, and citation processes related to the Traffic Camera Safety Improvement Program (hereinafter "the Program"); and

WHEREAS, City desires to engage the services of Redflex to provide certain equipment, processes and back office services so that Authorized Employees of City are able to monitor, identify and enforce traffic violations; and

WHEREAS, it is a mutual objective of both Redflex and City 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.** For purposes of this Agreement, the words and phrases below shall have the following meanings:
 - 1.1. "Authorized Employee" means the Project Manager or such other individual(s) as City 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 Employee using the Redflex System.
 - 1.3. "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.
 - 1.4. "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:
 - 1.4.1. 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;

- 1.4.2. 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 be given the broadest and most inclusive interpretation of that term.
- 1.4.3. 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.
- 1.5. “City” means the City and the City’s employees and agents.
- 1.6. “Intersection Approach” means a conduit of travel with up to four (4) contiguous lanes from the curb (e.g., northbound, southbound, eastbound or westbound) on which at least one (1) system has been installed by Redflex for the purposes of facilitating the Program by City.
- 1.7. “Designated Intersection Approaches” means the Intersection Approaches as Redflex and City shall mutually agree from time to time. See Exhibit A for the number of approaches.
- 1.8. “Electronic Signature” means the method through which the Authorized Employee indicates his or her approval of the issuance of a Citation with respect to a Potential Violation using the Redflex System.
- 1.9. “Enforcement Documentation” means the necessary and appropriate documentation related to the Program, including but not limited to warning letters, citation notices (using the specifications of the California 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 applicable vehicle registry), and technical support documentation for applicable court and judicial officers .
- 1.10. “Equipment” means any and all approach cameras, sensors, equipment, components, products, software and other tangible and intangible property relating to the Program.
- 1.11. “Fine” means a monetary sum assessed for Citation, including but not limited to bail forfeitures, but excluding suspended fines.
- 1.12. “Governmental Authority” means any national, state or local government, governmental authority, court, tribunal, agency or other regulatory, administrative or judicial agency, commission or organization, and any subdivision, branch or department of any of the foregoing.
- 1.13. “Installation Date of the 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 Program.
- 1.14. “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.

- 1.15. “Operational Period” means the period of time during the Term, commencing on the Installation Date, during which the Program is functional in order to permit the issuance of Citations 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. “Project Manager” means the project manager appointed by City in accordance with this Agreement, which shall be an Authorized Employee and shall be responsible for overseeing the installation of the Intersection Approaches and the implementation of the Program, and which manager shall have the power and authority to make management decisions relating to City’s obligations pursuant to this Agreement, including but not limited to change order authorizations, subject to any limitations set forth in City’s charter or other organizational documents of City or by the City Council or other governing body of City.
- 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 Employee to review such data and determine whether a traffic 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 the Program at any time during the Term of 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, who shall be responsible for overseeing the construction and installation of the Designated Intersection Approaches and the implementation the 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 System” means, collectively, the Salus® System, SMARTcam® System, the SMARTscene® System, the REDFLEXred® System, the SMARTops® System, and all of the other equipment, applications, software, hardware, back office processes, servers, off-site backup systems, cameras, sensors, components, motor vehicles and other tangible and intangible property relating thereto, to enable Redflex to execute the Program.
- 1.23. “Traffic Camera Safety Improvement Program” or “the Program” are interchangeable and synonymous and mean the process by which the monitoring,

identification and enforcement of Violations is facilitated by the use of certain equipment, applications and back office processes of Redflex, including but not limited to cameras, flashes, central processing units, signal controller interfaces and sensor arrays which, collectively, are capable of measuring Violations and recording such Violation data in the form of photographic images of motor vehicles.

- 1.24. "Violation Criteria" means the standards and criteria by which Potential Violations will be evaluated by Authorized Employees of City, 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 through which a motor vehicle must pass during a red light signal prior to being deemed to have committed a Violation, all of which shall be in compliance with all applicable laws, rules and regulations of Governmental Authorities. Should physical criteria change which requires additional modification to the Program or its detection equipment, any costs incurred is the responsibility of City.
 - 1.25. "Records Retention" means the period of time that Redflex will retain confidential information to include photographic evidence and data associated with the Program.
 - 1.26. "SMARTcam® System" means the proprietary software system that controls the systems of Redflex relating to the Program.
 - 1.27. "Salus® System" means the proprietary software that controls the systems of Redflex relating to the Program.
 - 1.28. "REDFLEXred® System" means the proprietary digital redlight photo enforcement system of Redflex relating to the Program.
 - 1.29. "SMARTops® System" means the proprietary back-office processes of Redflex relating to the Program.
 - 1.30. "SMARTscene® System" means the proprietary digital video camera unit, hardware and software required for providing supplemental violation data relating to the Program.
 - 1.31. "Traffic Signal Controller Boxes" means the signal controller interface and vehicle detection equipment owned and operated by City. This includes, but is not limited to, City's traffic controller, City's vehicle detection equipment, City's communication equipment, City's controller cabinet, etc.
 - 1.32. "Violation" means any traffic violation authorized for photo enforcement as prohibited by 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.
 - 1.33. "Violations Data" means the images and other Violations data gathered by the Redflex System at the Designated Intersection Approaches.
 - 1.34. "Warning Period" means a period after the Installation Date of the first intersection approach, wherein only warning notices shall be issued, commencing within 3 days after the system has been installed.
2. **TERM.** The term of this Agreement shall commence upon the Effective Date and continue for three (3) years with two sequential two year automatic extensions, unless terminated as described in this Agreement. City may reject an extension upon written notice at least 60 days prior to expiration of any term.
 3. **SERVICES.** Redflex shall provide the Program to City, in each case in accordance with the terms and provisions set forth in this Agreement.
 - 3.1. **INSTALLATION.** With respect to the construction and installation of the Designated Intersection Approaches and the installation of the Redflex System at such Designated

- Intersection Approaches, City and Redflex shall have the respective rights and obligations set forth on Exhibit B attached hereto.
- 3.2. MAINTENANCE. With respect to the maintenance of the Redflex System at the Designated Intersection Approaches City and Redflex shall have the respective rights and obligations set forth on Exhibit C attached hereto.
- 3.3. VIOLATION PROCESSING. During the Operational Period, Violations shall be processed as follows:
- 3.3.1. All Violations Data shall be stored on the Redflex System;
- 3.3.2. The Redflex System shall process Violations Data gathered from the Designated Intersection Approaches into a format capable of review by the Authorized Employee via the Redflex System;
- 3.3.3. The Redflex System will be accessible by Authorized Staff through a secure and encrypted connection by use of a confidential user account on a computer equipped with a high-speed Internet connection and an approved web browser.
- 3.3.4. Redflex shall provide the Authorized Employee with access to the Redflex System for the purposes of reviewing the pre-processed Violations Data within seven (7) days of the gathering of the Violation Data from the applicable Designated Intersection Approaches.
- 3.3.5. City shall cause the Authorized Employee 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 EMPLOYEE AND SHALL BE MADE IN SUCH AUTHORIZED EMPLOYEE'S SOLE DISCRETION (A "CITATION DECISION"), AND IN NO EVENT SHALL REDFLEX HAVE THE ABILITY OR AUTHORIZATION TO MAKE A CITATION DECISION.
- 3.3.6. With respect to each Authorized Violation, Redflex shall print and mail a Citation within five (5) 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; additionally, Redflex shall provide a duplicate copy of the citation/complaint to the Ventura County Superior Court via electronic means for filing, which shall constitute a complaint filing.
- 3.3.7. Redflex shall provide a toll-free telephone number for the purposes of answering citizen inquiries.
- 3.3.8. Redflex shall permit the Authorized Employee to generate reports using the Redflex Standard Report System.
- 3.3.9. Upon Redflex's receipt of a written request from City and in addition to the Standard Reports, Redflex shall provide, without cost to City, reports regarding the processing and issuance of Citations, the maintenance and downtime records of the Designated Intersection Approaches and the functionality of the Redflex System with respect thereto to City in such format and for such periods as mutually agreed upon.
- 3.3.10. Following the Installation Date and/or upon Redflex's receipt of a written request from City at least fourteen (14) calendar days in advance of court proceeding, Redflex shall provide expert witnesses for use by City in prosecuting Violations; provided, however, City shall use reasonable best efforts to seek judicial notice in lieu of requiring Redflex to provide such expert witnesses. After the initial 6 month period, expert testimony may be provided on a cost reimbursement basis.

- 3.3.11. Training shall be provided as needed and as reasonably necessary in order to allow such City personnel to act as expert witnesses on behalf of City with respect to the Program.
- 3.3.12. Upon special request by City and upon Redflex's receipt of a written request from City that shall be given within five (5) business days of City being notified from the relevant agencies (i.e. Court), Redflex shall provide expert witnesses for use by City in prosecuting Violations; provided, however, City shall use reasonable efforts to seek judicial notice in lieu of requiring Redflex to provide such expert witnesses;
- 3.3.13. Data pertaining to each violation captured by the Redflex System, including not less than three (3) digital images of the violation, will initially be stored on the data storage system. The data stored on the system will be securely encrypted and transferred to Redflex's central server complex not less than once each workday. Within seven (7) calendar days of the images being generated, the data will be processed into a format approved by City and submitted or otherwise made available to City for review and approval. After City approval, a Citation will be created by Redflex. Redflex shall then complete issuance of the Citation within the time period required by California law. The Violation data included for the Citation will include, but not necessarily be limited to:

- Location, date, and time;
- Number of seconds into red traffic signal;
- Vehicle speed;
- One (1) close-up view of automobile rear license plate;
- One (1) close-up frontal view of automobile driver;
- One (1) view of the intersection and the violating automobile taken before the automobile has crossed the limit (stop) line showing the traffic signal in the red phase and the rear license plate of the vehicle.
- One (1) view of the intersection and the violating automobile taken subsequent to the photograph after the vehicle has crossed the limit line;
- Digital video clip of the alleged violation;
- Any other information deemed necessary by an Authorized Officer for successful prosecution of violations.

- 3.3.14. Redflex shall be responsible for retrieval of Department of Motor Vehicle ownership information;
- 3.3.15. City shall provide assistance to Redflex in obtaining access to the records data of the Department of Motor Vehicles;
- 3.3.16. Redflex shall make available to City data regarding collection of fines from the court records system; and
- 3.3.17. Redflex shall coordinate, facilitate and transfer electronically the data to the Ventura County Superior Court for the processing of the Citations.

- 3.4. RECORDS RETENTION: Redflex shall retain confidential information to include photographic evidence and data associated with the Program consistent with the laws of the State of California and City's defined guidelines.
- 3.5. PROSECUTION AND COLLECTION; COMPENSATION. City shall diligently prosecute Citations and the collection of all Fines in respect thereof, and Redflex shall have the right to receive, and City shall be obligated to pay, the compensation set forth on Exhibit D attached hereto.
- 3.6. TAXES. Where required by state statute, ordinance or regulation, Redflex shall pay for and maintain in current status all taxes that are necessary for contract performance. Unless otherwise indicated, City agrees to pay any applicable taxes including but not limited to use, property or sales taxes required at the municipal, county, state or any

other taxing authority level on all applicable consumer services and materials purchased and/or leased. No charge by City shall be made for federal excise taxes and City agrees to furnish Redflex with an exemption certificate where appropriate for any applicable sales and/or use taxes. For the avoidance of doubt, it is the Parties intent that this Agreement does not alter the tax liability of either Party under the applicable law.

- 3.7. OTHER RIGHTS AND OBLIGATIONS. During the Term, in addition to all of the other rights and obligations set forth in this Agreement, Redflex and City shall have the respective rights and obligations set forth on Exhibit E attached hereto.
- 3.8. CHANGE ORDERS. City 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 cost, if any (the "Change Order Proposal"). The Change Order Proposal shall include (i) a detailed breakdown of the charge and schedule effects, (ii) a description of any resulting changes to the specifications and obligations of the Parties, (iii) a schedule for the delivery and other performance obligations, and (iv) any other information relating to the proposed changes reasonably requested by City. Following City'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.
- 3.9. ROAD REPAIRS AND CONSTRUCTION PROJECTS. The fee of an installed camera shall be temporarily suspended as a result of any City-authorized road repairs, street improvements or stop work orders that interrupt, impede, obstruct or interfere with the successful performance of the installed camera for a period of fourteen (14) or more calendar days. The term of the agreement shall be automatically extended by the same amount of time.

4. **LICENSE; RESERVATION OF RIGHTS.**

- 4.1. License. Subject to the terms and conditions of this Agreement, Redflex hereby grants City, and City 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 Ventura, 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 Ventura) that Redflex is providing services to City in connection with 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 Program, so long as any and all such publications or materials are approved in advance by Redflex.
- 4.2. RESERVATION OF RIGHTS. City 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) City 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 City pursuant to this Agreement, City shall gain no additional right, title or interest therein.

- 4.3. RESTRICTED USE. City 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 City'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, including but not limited to any Equipment, or to any Intellectual Property or Proprietary Property of Redflex, or cause any other Person to do any of the foregoing.
- 4.4. PROTECTION OF RIGHTS. Redflex shall have the right to take whatever action it deems necessary or desirable to remedy or prevent the infringement of any Intellectual Property of Redflex, including without limitation the filing of applications to register as trademarks in any jurisdiction any of the Redflex Marks, the filing of patent application for any of the Intellectual Property of Redflex, and making any other applications or filings with appropriate Governmental Authorities. City shall not take any action to remedy or prevent such infringing activities, and shall not in its own name make any registrations or filings with respect to any of the Redflex Marks or the Intellectual Property of Redflex without the prior written consent of Redflex.
- 4.5. INFRINGEMENT. City 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 4.5, then City shall render to Redflex such reasonable cooperation and assistance as is reasonably requested by Redflex, and Redflex shall be entitled to any damages or other monetary amount that might be awarded after deduction of actual costs; provided, that Redflex shall reimburse City for any reasonable costs incurred in providing such cooperation and assistance.
- 4.6. INFRINGEMENT USE. City shall give Redflex prompt written notice of any action or claim action or claim, whether threatened or pending, against City 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 City shall render to Redflex such reasonable cooperation and assistance as is reasonably requested by Redflex in the defense thereof; provided, that Redflex shall reimburse City for any reasonable costs incurred in providing such cooperation and assistance. If such a claim is made and Redflex determines, in the exercise of its sole discretion, that an infringement may exist, Redflex shall have the right, but not the obligation, to procure for City the right to keep using the allegedly infringing items, modify them to avoid the alleged infringement or replace them with non-infringing items.
- 4.7. INDEMNITY. Redflex shall save, defend, indemnify, and hold harmless City and any of their agents, officers, employees, elected officials, volunteers, representatives, and successors against any claims, losses, liabilities, causes of action, suits, damages, penalties, demands, judgments, settlements, costs, expenses, attorney fees, and other disbursements (including, but not limited to, expert witnesses) of whatever kind or nature arising out of any claim, claim action, or action alleging that 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, corporation, entity, or other group. The obligations of this paragraph are in addition to the indemnity obligation of paragraph eight (8) and any subsections thereto.

5. REPRESENTATIONS AND WARRANTIES.

5.1. Redflex Representations and Warranties.

5.1.1. 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.

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

5.2. City Representations and Warranties.

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

5.2.2. Professional Services. City hereby warrants and represents that any and all services provided by City pursuant to this Agreement shall be performed in a professional and workmanlike manner.

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

6. TERMINATION.

6.1. **TERMINATION:** Either party shall have the right to terminate this Agreement by written notice to the other if (i) state statutes are amended to prohibit or substantially change the operation of the Program; (ii) the Supreme Court for the State of California rules that the Citations from the Program are inadmissible in evidence; or (iii) the other party commits any material breach of any of the provisions of this Agreement. Either party shall have the right to remedy or cure the cause for termination or breach within forty-five (45) calendar days (or within such other time period as City and Redflex shall mutually agree, which agreement shall not be unreasonably withheld or delayed) after written notice from the appropriate party setting forth in reasonable detail the events of the cause for termination or breach. Termination of this Agreement shall not be enforceable or effective unless the terminating party mails written notice of termination to the non-terminating party not less than forty-five (45) calendar days prior to the Agreement termination date and provides to the non-terminating party the opportunity to

remedy or cure the cause of the termination or breach within the forty-five (45) calendar day time period provided herein.

- 6.2. RIGHTS AND REMEDIES. In connection with any breach and/or termination of this Agreement, Redflex and the city of Ventura shall mutually have and hereby reserves, in full, all rights and remedies available in law and/or in equity. The rights to terminate this Agreement given in this Section 6.1 shall be without prejudice to any other right or remedy of either party in respect of the breach concerned (if any) or any other breach of this Agreement.
- 6.3. PROCEDURES UPON TERMINATION. The termination of this Agreement shall not relieve either party of any liability that accrued prior to such termination. Except as set forth in Section 6.3, upon the termination of this Agreement, all of the provisions of this Agreement shall terminate and:
 - 6.3.1. Redflex shall (i) immediately cease to provide services, including but not limited to work in connection with the construction or installation activities and services in connection with the Program, (ii) promptly deliver to City any and all Proprietary Property of City provided to Redflex pursuant to this Agreement, (iii) promptly deliver to City a final report to City regarding the collection of data and the issuance of Citations in such format and for such periods as City 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 City a final invoice stating all fees and charges properly owed by City to Redflex for work performed and Citations issued by Redflex prior to the termination, and (v) provide such assistance as City may reasonably request from time to time in connection with prosecuting and enforcing Citations issued prior to the termination of this Agreement. Immediately upon termination Redflex is no longer bound to the Data Retention Requirements for any data and if City wishes to obtain the data it must be conveyed at the time of termination. Redflex will transfer the data and relevant information to City by a mutually agreed upon method. City will assume the burden for all costs associated with this task including but not limited to administrative, storage media, storage media authoring devices, and internet bandwidth used for transferring data. Redflex will provide no tools for accessing this data or other guarantees.
 - 6.3.2. City shall (i) immediately cease using the 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 City pursuant to this Agreement, and (iii) promptly pay any and all fees, charges and amounts properly owed by City to Redflex for work performed and Citations issued by Redflex prior to the termination.
 - 6.3.3. Unless City and Redflex have agreed to enter into a new agreement relating to the 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; provided, however, the total cost to Redflex of removing and restoring under this provision shall not exceed \$5000 for each Designated Intersection Approach. This cost is based upon the standard construction costs associated with the restoration, based on current market data.
- 6.4. SURVIVAL. Notwithstanding the foregoing, the definitions and each of the following shall survive the termination of this Agreement: (x) Sections 4.2 (Reservation of Rights), 5.1 (Redflex Representations and Warranties), 5.2 (City Representations and

Warranties), 5.3 (Limited Warranty), 7 (Confidentiality), 8 (Indemnification and Liability), 9 (Notices), 10 (Dispute Resolution), 11.1 (Assignment), 11.17 (Applicable Law), 11.16 (Injunctive Relief; Specific Performance) and 11.18 (Jurisdiction and Venue), and (y) those provisions, and the rights and obligations therein, set forth in this Agreement which either by their terms state, or evidence the intent of the Parties, that the provisions survive the expiration or termination of the Agreement, or must survive to give effect to the provisions of this Agreement.

CONFIDENTIALITY. To the extent permitted by the California Public Records Act (Government Code Section 6250 *et seq.*) or the California Vehicle Code, during the term of this Agreement and subject to State laws 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.

7. INDEMNIFICATION AND LIABILITY.

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

7.2. **Indemnification by City.** Subject to Section 8.3, City hereby agrees to defend and indemnify Redflex and its affiliates, shareholders or other interest holders, managers, officers, directors, employees, agents, representatives and successors, permitted assignees and all persons acting by, through, under or in concert with them, or any of them (individually a "Redflex Party" and collectively, the "Redflex Parties") against, and to protect, save and keep harmless the Redflex Parties from, and to pay on behalf of or reimburse the Redflex Parties as and when incurred for, any and all Losses which may be imposed on or incurred by any Redflex Party arising out of or in any way related to

(a) any material misrepresentation, inaccuracy or breach of any covenant, warranty or representation of City contained in this Agreement, (b) the gross negligence or willful misconduct of City, its employees, contractors or agents which result in death or bodily injury to any natural person (including third Parties) or any damage to any real or tangible personal property (including the personal property of third Parties), except to the extent caused by the willful misconduct of any Redflex Party, (

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

7.4. LIMITED LIABILITY. Notwithstanding anything contrary in this Agreement, neither party shall be liable to the other, by reason of any representation or express or implied warranty, condition or other term or any duty at common or civil law, for any special, incidental, indirect, consequential or punitive damages however caused and on any theory of liability arising out of or relating to this Agreement, except and only to the extent expressly authorized for in Provision 11.20 entitled "PREVAILING PARTY" of this Agreement. In the event of any breach of this Agreement, however, the non-breaching party is entitled to recover expectation damages from the breaching party, which are defined as the amounts that non-breaching party would have received under the Agreement had the breaching party fully performed pursuant to the terms and conditions of this Agreement.

8. 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:

9.

9.1. Notices to Redflex:

Redflex Traffic Systems, Inc.
23751 North 23rd Avenue
Phoenix, AZ 85085
Attention: PROGRAM MANAGEMENT
Facsimile: (623) 207-2050

9.2. Notices to City:

City of San Buena Ventura

Attention: City Manager
501 Poli Street
PO Box 99
Ventura, CA 93002

10. MISCELLANEOUS.

- 10.1. 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, City hereby acknowledges and agrees that the execution (as outlined in Exhibit G), 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"). City 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 City's prior written approval, which approval shall not be unreasonably withheld or delayed. City further acknowledges and agrees that in the event that Redflex provides written notice to City that it intends to Transfer all or any of Redflex's rights pursuant to this Agreement, and in the event that City 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, City 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.
- 10.2. RELATIONSHIP BETWEEN REDFLEX AND CITY. 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).
- 10.3. AUDIT RIGHTS. Each of the 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.
- 10.4. FORCE MAJEURE. Neither party will be liable to the other or be deemed to be in breach of this Agreement for any failure or delay in rendering performance arising out of causes beyond its reasonable control and without its fault or negligence. Such causes may include but are not limited to, acts of God or the public enemy, terrorism,

significant fires, floods, earthquakes, epidemics, quarantine restrictions, strikes, freight embargoes, or Governmental Authorities approval delays which are not caused by any act or omission by Redflex, and unusually severe weather. The party whose performance is affected agrees to notify the other promptly of the existence and nature of any delay.

- 10.5. ENTIRE AGREEMENT. This Agreement represents the entire Agreement between the Parties, and there are no other agreements (other than invoices and purchase orders), whether written or oral, which affect its terms. This Agreement may be amended only by a subsequent written agreement signed by both Parties.
- 10.6. SEVERABILITY. If any provision of this Agreement is held by any court or other competent authority to be void or unenforceable in whole or part, this Agreement shall continue to be valid as to the other provisions thereof and the remainder of the affected provision.
- 10.7. WAIVER. Any waiver by either party of a breach of any provision of this Agreement shall not be considered as a waiver of any subsequent breach of the same or any other provision thereof.
- 10.8. CONSTRUCTION Except as expressly otherwise provided in this Agreement, this Agreement shall be construed as having been fully and completely negotiated and neither the Agreement nor any provision thereof shall be construed more strictly against either party.
- 10.9. HEADINGS. The headings of the sections contained in this Agreement are included herein for reference purposes only, solely for the convenience of the Parties hereto, and shall not in any way be deemed to affect the meaning, interpretation or applicability of this Agreement or any term, condition or provision hereof.
- 10.10. EXECUTION AND COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute only one instrument. Any one of such counterparts shall be sufficient for the purpose of proving the existence and terms of this Agreement and no party shall be required to produce an original or all of such counterparts in making such proof.
- 10.11. COVENANT OF FURTHER ASSURANCES. All Parties to this Agreement shall, upon request, perform any and all acts and execute and deliver any and all certificates, instruments and other documents that may be necessary or appropriate to carry out any of the terms, conditions and provisions hereof or to carry out the intent of this Agreement.
- 10.12. REMEDIES CUMULATIVE. Each and all of the several rights and remedies provided for in this Agreement shall be construed as being cumulative and no one of them shall be deemed to be exclusive of the others or of any right or remedy allowed by law or equity, and pursuit of any one remedy shall not be deemed to be an election of such remedy, or a waiver of any other remedy.
- 10.13. BINDING EFFECT. This Agreement shall inure to the benefit of and are binding upon all of the Parties hereto and their respective executors, administrators, successors and permitted assigns.
- 10.14. COST NEUTRALITY. This provision shall not apply if (1) City elects not to enforce illegal right turn on red violations; (2) City elects not to pursue collections on unpaid violations; (3) City directs REDFLEX to install a camera at a site that is not mutually agreed upon; or (4) the City or Police waives more than 10 percent of valid violations forwarded to the Police for acceptance according to mutually agreed upon business rules.
- 10.15. 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.

- 10.16. 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.
- 10.17. INJUNCTIVE RELIEF; SPECIFIC PERFORMANCE. The Parties hereby agree and acknowledge that a breach of Sections 4.1 (License), 4.3 (Restricted Use) or 7 (Confidentiality) of this Agreement would result in severe and irreparable injury to the other party, which injury could not be adequately compensated by an award of money damages, and the Parties therefore agree and acknowledge that they shall be entitled to injunctive relief in the event of any breach of any material term, condition or provision of this Agreement, or to enjoin or prevent such a breach, including without limitation an action for specific performance hereof.
- 10.18. 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.
- 10.19. JURISDICTION AND VENUE. Any conflict, claim or dispute between Redflex and City affecting, arising out of or relating to the subject matter of this Agreement shall be filed only in and litigated solely in the Ventura County Superior Court and both Parties specifically agree to be bound by the exclusive jurisdiction and venue thereof; provided however, that if the Ventura County Superior Court does not have subject matter jurisdiction over the claim then the Parties agree that any such claim will be brought in the appropriate state court of California.

(The remainder of this page is left intentionally blank)

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

“City”

CITY OF SAN BUENA VENTURA
Attention: City Manager
501 Poli Street
PO Box 99
Ventura, CA 93002

“Redflex”

REDFLEX TRAFFIC SYSTEMS, INC.,
By: _____
Name: James A. Saunders
Title: President, Chief Executive Officer

By: _____
Name: Mark D. Watkins
Title: City Manager

Attest:

By: _____
Name: Cynthia M. Rodriguez, CCM
Title: City Clerk

Approved As To Form:

By: _____
Name: Juli C. Scott
Title: Interim City Attorney

EXHIBIT "A"
Designated Intersection Approaches

The contract is for the implementation of up to 40 intersection approaches. Identification of enforced intersection approaches will be based on mutual agreement between Redflex and City as warranted by community safety and traffic needs.

The contract is for the continued operational services for the following 18 approaches/systems:

Johnson Bristol	- W/B
Main/Lemon Grove	- E/B
Main/Mills	- S/B
Mills/Dean	-S/B
Mills/Telegraph	- N/B
Thompson/Seaward	- N/B
Victoria/Moon	- S/B
Victoria/Olivas Park	- N/B
Victoria/Ralston	- N/B
Victoria/ Telephone	- N/B
Victoria/Telephone	- S/B
Victoria/Telephone	- E/B
Victoria/Valentine	- N/B
California Street/Thompson Blvd	- N/B
Telegraph/Day	- W/B
Main/101	- W/B
Johnson/Northbank	- W/B
Foothill/Victoria	- W/B

City may request in writing that Redflex upgrade the Red Light Cameras further as new technology is available during the term of this Agreement, when mutually agreed by Redflex and City that the issuance rate would increase as a result of upgrades. The upgrade would be at no cost to City and would occur within 90 days of the written request.

City will make all reasonable efforts to provide a list of proposed intersections under consideration prior to formal project kick-off to the designated Redflex project manager.

All camera systems will be reviewed and upgraded as needed beginning within 90 days from the date the Agreement commences.

Photo Speed System Component (Optional)

Upon the enactment of enabling legislation in the State of California that authorizes the City to enact Photo Speed Enforcement, Redflex will provide mobile and/or Fixed Speed Enforcement services to the city. Photo Enforcement Services is optional for City and will only be provided by Redflex upon issuance of a "Notice to Proceed" by City.

EXHIBIT “B”

Construction and Installation Obligations of New Approach Camera Systems

Timeframe for Installation: Fixed Traffic Camera Safety Improvement Program:

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

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.

In order to provide City with timely completion of the Traffic Camera Safety Improvement Program, Redflex requires that City assist with obtaining timely approval of permit requests. City acknowledges the importance of the safety program and undertakes that in order to keep the project on schedule City will provide engineering review(s) 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;
 - 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 City 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;
 - 1.4. Seek approval from the relevant Governmental Authorities having authority or jurisdiction over the construction and installation specifications for the Designated Intersection Approaches (collectively, the “Approvals”), which will include compliance with City permit applications;
 - 1.5. Finalize the acquisition of the Approvals;
 - 1.6. Assist City in developing a public awareness strategy, which may include media and educational materials to inform the residents about the Program (“Public Awareness Strategy”);
 - 1.7. Develop the Violation Criteria in consultation with City;
 - 1.8. Develop the Enforcement Documentation for approval by City, which approval shall not be unreasonably withheld;
 - 1.9. Complete the installation and testing of all necessary Equipment, including hardware and software, at the Designated Intersection Approaches;
 - 1.10. Cause an electrical sub-contractor to complete all reasonably necessary electrical work at the Designated Intersection Approaches, including but not limited to the installation of all related Equipment and other detection sensors, poles, cabling, telecommunications equipment and wiring, which work shall be performed in compliance with all applicable local, state and federal laws and regulations;
 - 1.11. 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 City;
 - 1.14. Process citations and citation issuance/re-issuance for Authorized Violations;

- 1.15. Provide training (i) for up to fifteen (15) personnel of City, including but not limited to the persons who City shall appoint as Authorized Employees and other persons involved in the administration of the Program, (ii) for up to sixteen (16) hours in the aggregate, (iii) regarding the operation of the Redflex System and the 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, City and (WHERE APPLICABLE) juvenile court personnel; and
- 1.17.
2. City Obligations. The City shall do or cause to be done each of the following (in each case, unless otherwise stated below, at City'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 Traffic Camera Safety Improvement 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 City;
 - 2.1.5. Assist Redflex in seeking the Approvals;
 - 2.1.6. Provide reasonable access to City's properties and facilities in order to permit Redflex to install and test the functionality of the Designated Intersection Approaches and the Traffic Camera Safety Improvement Program;
 - 2.1.7. Provide reasonable access to the personnel of City 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 Public Awareness Strategy and provide written notice to Redflex with respect to the quantity of media and program materials (the "Materials") that City will require in order to implement the Public 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 Violation Criteria;
 - 2.1.10. Seek approval of the Enforcement Documentation;
 - 2.1.11. Provide, on an agreed upon frequency, without cost to Redflex, reports regarding the prosecution of Citations, the collection of fines, fees and other monies and available collision data, in such format and for such periods as Redflex may reasonably request.
 - 2.1.12. Yellow Light Timing Review: City is solely responsible for ensuring and determining that the yellow or amber light phase timing at all photo and/or camera enforced intersections is in complete compliance with any and all local, state, municipal and/or federal rules, regulations, codes, laws, guidelines and/or minimum standards.

- 2.1.13. Provide, on-going adequate electrical power in order to operate the systems. City will allow Redflex to use existing conduit space as available.
- 2.1.14. Provide all computer hardware, web browsers and high speed Internet access necessary to operate the systems
- 2.1.15. Provide and install LED traffic signal lights (yellow and red) at all photo or camera enforced intersection approaches.

EXHIBIT "C"

Maintenance

1. All repair and maintenance of the Traffic Camera Safety Improvement Program and related equipment will be the sole responsibility of Redflex, including but not limited to maintaining the casings of the cameras included in the Redflex System and all other Equipment in reasonably clean and graffiti-free condition.
2. Redflex shall not open the Traffic Signal Controller Boxes without a representative of city Traffic Engineering present.
3. In the event that images of a quality suitable for the Authorized Employee to identify Violations cannot be reasonably obtained without the use of flash units, Redflex shall provide and install such flash units.
4. Redflex may assign specific personnel to provide follow up assistance to City in the form of the HELPDESK, a designated Account Representative, and a Director of Accounts.
5. Knockdowns/Vandalism: Upon notification, the approach shall be functional within 5 business days. During regular business hours, City will assist, remove and store equipment; during off-hours City may assist but Redflex has the responsibility. The Account Representative has the responsibility of ensuring a police report is assigned and sent to Arizona for processing.
6. Redflex shall be responsible for coordination and installation costs of any necessary electrical and telephone services. Provision of all necessary incremental direct electrical costs to any new Designated Intersection Approaches will be the sole responsibility of City. If additional power supply is require, the City and the Contractor will mutually pay the incremental energy costs.
7. Redflex shall inspect the equipment and the functionality of the Redflex system at each of the Designated intersection Approaches no less than once every two business days and Redflex shall respond to any material malfunction of any of the Redflex system within 24 hours after City provides written notice thereof to Redflex. In the event that Redflex discovers any material malfunction or defect or in the event that Redflex receives a Malfunction Notice, Redflex shall use its best efforts to cause such malfunction or defect to be repaired within 48 hours and in the event that such malfunction or defect has not been substantially repaired within 48 hours, Redflex shall notify the Police Project Manger.
8. The Redflex Project Manager or alternative shall be available to the Police Project Manager each day on a reasonable best effort basis.

EXHIBIT "D"
COMPENSATION & PRICING

PHOTO RED LIGHT CAMERAS:

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

Tier 1: Fixed Fee of \$2190.00 per approach per month as full remuneration for the continued services at the following 18 approaches:

Johnson Bristol	- W/B
Main/Lemon Grove	- E/B
Main/Mills	- S/B
Mills/Dean	- S/B
Mills/Telegraph	- N/B
Thompson/Seaward	- N/B
Victoria/Moon	- S/B
Victoria/Olivas Park	- N/B
Victoria/Ralston	- N/B
Victoria/ Telephone	- N/B
Victoria/Telephone	- S/B
Victoria/Telephone	- E/B
Victoria/Valentine	- N/B
California Street/Thompson Blvd	- N/B
Telegraph/Day	- W/B
Main/101	- W/B
Johnson/Northbank	- W/B
Foothill/Victoria	- W/B

Note: Where improvements to capture additional lanes are added to any of the above approaches, the Fixed Fee Price will be increased proportionally by mutual agreement between both Parties.

Tier 2: New Approaches (Optional):

At the expiration of the Warning Period for each New Designated Intersection Approach, City shall be obligated to pay Redflex a fixed fee of \$5500.00 per month for each Designated Intersection Approach ("Fixed Fee") as full remuneration for performing all of the services contemplated in this Agreement.

City Operating Costs

City's monthly program operating costs shall be \$1177.00 per active approach. On the anniversary of this agreement, City's monthly operating cost will increase by the consumer price index or 4%, whichever is greater. Any gross receipts received by City from Ventura County through the collection of red light citations shall first be applied to City's monthly program operating costs. In order to ensure cost neutrality to City, City will only be obligated to pay Redflex from the gross cash receipts received from Ventura County after first deducting City operating costs. In the event that balance remains unpaid due to a deficit in gross cash received by City compared to the invoiced amount, City will provide Redflex, with payments, an

accounting of such amounts supporting nonpayment of full invoiced amount and balance remaining.

Cost Neutrality

1. Cost neutrality is assured to City – City will never be required to pay Redflex more than actual cash received from automated red light violations.
2. City agrees to pay Redflex within thirty (30) days after the invoice is received. City shall be obligated to pay the cumulative balance invoiced by Redflex, in accordance with terms set forth above, to the extent of gross cash received by City from automated red light violations. In the event that a balance remains unpaid due to a deficit in gross cash received by City compared to invoiced amounts, City will provide to Redflex with monthly payment, an accounting of such gross receipts supporting the amount withheld.
3. Payment will only be made by City up to the amount of cash received by City through the collection of red light citations (from automated red light violations) up to the amount currently due.
4. In partial consideration for entering into this “Agreement Between the City of San Buenaventura and Redflex Traffic System, Inc. for Traffic Camera Safety Improvement Program”, any and all outstanding balances owed by the City of San Buenaventura to Redflex Traffic Systems, Inc., as a result of prior contracts between City and Redflex related to photo enforcement services (original – May 15, 2000; amended – May 21, 2001; second amended – January 6, 2003; third amended – May 22, 2006; fourth amended – November 24, 2008) are hereby reduced by approximately \$1.7million to a carry forward balance of \$1million by Redflex Traffic Systems, Inc. With respect to this “Agreement Between the City of San Buenaventura and Redflex Traffic System, Inc. for Traffic Camera Safety Improvement Program”, cost neutrality will be reconciled and any necessary adjustments made when the Agreement is terminated or at the end of its Term. In the event that this Agreement is terminated or comes to the end of its Term and the carry forward balance of \$1 million and any subsequent balance is still owed by the City to Redflex, all subsequent receipts from automated red light violations for a period of twelve months from the date of termination / end of term will be paid to Redflex Traffic System, Inc., and be applied to said balance(s), said payments fully satisfying any and all outstanding payment obligations by the City under this Agreement and all prior Agreements between City and Redflex.
5. Cost neutrality is guaranteed except as follows:
 - a. If police fail to approve violations by the due date, in good faith and due diligence;
 - b. If systems are de-activated due to City requirement;
 - c. If collections are not reasonably pursued, unless despite attempts by City to encourage collections by the courts the courts fail to pursue collections; or
 - d. City fails to enforce right turn violations (from automated red light violations), in good faith and due diligence, if and when systems are configured for this purpose as mutually agreed between Redflex and City.

BUSINESS ASSUMPTIONS FOR ALL PRICING OPTIONS:

1. Redflex construction may utilize existing conduit for installation where space is available. If it is determined that new conduit must be installed the cost of the installation of the same shall be borne by Redflex.

2. Each year, on the anniversary date of the contract, the pricing will increase by the Los Angeles Region Consumer Price Index (CPI).
3. City agrees to pay Redflex within thirty (30) days after the invoice is received. A monthly late fee of 1.5% is payable for amounts remaining unpaid 60 days from date of invoice.
4. The provision of all necessary communications, broadband and telephone services to the Designated Intersection Approaches will be the sole responsibility of City.
5. The on-going provision of any and all necessary electrical power to the Designated Intersection Approaches will be the sole responsibility of City.
6. City shall require any and all employees who may operate or occupy the Equipped Motor Vehicles to complete a mandatory training program to insure that (a) the Equipped Motor Vehicles are operated in a safe manner and (b) all warnings and instructions that accompany the Equipped Motor Vehicles are understood and heeded.
7. Redflex shall be solely responsible for installing required signage. City shall be solely responsible for the fabrication of any signage, notices or other postings required pursuant to any law, rule or regulation of any Governmental Authority ("Signage"), including but not limited to the Vehicle Code, and City shall assist in determining the placement of such Signage. Redflex shall submit signage design drawings to the appropriate local authority for approval. Any changes or modifications to signage requirements will be the responsibility of City.
8. Required Credit Card fees will not be considered to be revenue received and are the responsibility of the violator.
9. Roadway/Intersection improvement projects: City shall reimburse Redflex the costs of replacing and/or modifying operational system approaches.
10. If a system is deactivated at City's request due to roadway construction, the monthly fee will be temporarily suspended, and the term of the agreement shall be extended by a like period of time.
11. Relocation of cameras will be mutually agreed upon by the City of Ventura and Redflex, and such relocation will be completed in a timely manner. City will be liable for relocation costs. Monthly fees for those cameras relocated will continue as per the pricing prior to the relocation.
12. Redflex shall provide, at no cost to City, expert court testimony for use by City in prosecuting Violations. Such request must be made in writing with no less than fourteen (14) calendar day notification prior to court proceeding, when feasible and allowable. Otherwise, any request for testimony made in a reasonable manner and amount of time must be honored by Redflex. City will be provided with a local expert at no cost; however, should City warrant expert court testimony from Redflex Traffic Systems Arizona offices, after exhausting all other options, such expert shall be provided to City on a cost reimbursement basis. Such compensation is to include reasonable travel expenses only to appear at the venue for court testimony.

EXHIBIT "E"
Additional Rights and Obligations

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

1. Redflex shall assist City 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 Traffic Camera Safety Improvement Program (actual print and production costs are the sole responsibility of City).
2. City shall not access the Redflex System or use the Traffic Camera Safety Improvement Program in any manner other than prescribed by law and which restricts or inhibits any other Person from using the Redflex System or the Traffic Camera Safety Improvement 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 Traffic Camera Safety Improvement Program, and City 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 City by means of hacking, password mining or any other method whatsoever, nor shall City cause any other Person to do any of the foregoing.
3. City shall maintain the confidentiality of any username, password or other process or device for accessing the Redflex System or using the Traffic Camera Safety Improvement Program.
4. Redflex and City shall advise each other in writing with respect to any applicable rules or regulations governing the conduct of the other on or with respect to the property of such other party, including but not limited to rules and regulations relating to the safeguarding of confidential or proprietary information, and when so advised, Redflex and City shall obey any and all such rules and regulations.
5. Redflex shall be responsible for repairing or replacing damaged portions of the Redflex System or any equipment or property related hereto.

EXHIBIT "F"

Insurance

1. During the Term, Redflex shall procure and maintain at Redflex's sole cost and expense the following insurance coverage with respect to claims for injuries to persons or damages to property which may arise from or in connection with the performance of work or services pursuant to this Agreement by Redflex, and each of Redflex's subcontractors, agents, representatives and employees:
 - Commercial General Liability Insurance. Commercial General Liability Insurance with coverage limits of not less than One Million Dollars (\$2,000,000) combined single limit per occurrence for bodily injury and property damage, Four Million Dollars (\$4,000,000) Products-Completed Operations Aggregate and Four Million Dollars (\$4,000,000) General Aggregate;
 - Commercial Automobile Liability Insurance. Commercial Automobile Liability Insurance with coverage of not less than One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury or property damage, including but not limited to coverage for all automobiles owned, non-owned and hired by Redflex;
 - Professional Liability (Errors and Omissions) Insurance. Redflex will use its commercial best efforts to procure and maintain Professional Liability (Errors and Omissions) Insurance with coverage of not less than Two Million Dollars (\$2,000,000) each and every claim and in the Aggregate; and
 - Workers' Compensation and Employer's Liability Insurance. Workers' Compensation Insurance with coverage equal to, at minimum, the State of California's Statutory Limit, and Employer's Liability Insurance with coverage of not less than One Million Dollars (\$1,000,000) per occurrence.
2. With respect to the Commercial General Liability Insurance the following additional provisions shall apply:
 - City Parties shall be named as additional insured's with respect to the Commercial General Liability insurance; and
 - The insurance coverage procured by Redflex and described above shall be the primary insurance with respect to City Parties in connection with this Agreement, and any insurance or self-insurance maintained by any of City Parties shall be in excess, and not in contribution to, such insurance; and
 - Any failure to comply with the reporting provisions of the various insurance policies described above shall not affect the coverage provided to City Parties, and such insurance policies shall state the such insurance coverage shall apply separately with respect to each additional insured against whom any claim is made or suit is brought, except with respect to the limits set forth in such insurance policies.
3. With respect to the insurance described in the foregoing Section of this Exhibit E, if any of the Redflex Parties are notified by any insurer that any insurance coverage will be cancelled, Redflex shall immediately provide 30 days written notice thereof to City and shall take all necessary actions to correct such cancellation in coverage limits, and shall provide written notice to City of the date and nature of such correction. If Redflex, for any reason, fails to maintain the insurance coverage required pursuant to this Agreement, such failure shall be deemed a material breach of this Agreement, and City shall have the right, but not the obligation and exercisable in its sole discretion, to either (i) terminate this Agreement and seek damages from Redflex for such breach, or (ii) purchase such required insurance, and without further notice to Redflex, deduct from any amounts due to Redflex pursuant to this Agreement, any premium costs advanced by City for such insurance. If the premium costs advanced by City for such insurance exceed any

amounts due to Redflex pursuant to this Agreement, Redflex shall promptly remit such excess amount to City upon receipt of written notice thereof.

4. Redflex shall provide certificates of insurance evidencing the insurance required pursuant to the terms of this Agreement, which certificates shall be executed by an authorized representative of the applicable insurer, and which certificates shall be delivered to City prior to Redflex commencing any work pursuant to the terms of this Agreement.

EXHIBIT "G"
FORM OF ACKNOWLEDGMENT AND CONSENT

This Acknowledgement and Consent Form, dated _____, is entered into by and between the City of San Buenaventura ("City") and Redflex Traffic Systems, Inc., ("Redflex"), with reference to the Agreement between the City of San Buenaventura and Redflex Traffic Systems, Inc. for a Traffic Camera Safety Improvement Program, dated as of _____ by and between City and Redflex (the "Agreement").

1. Redflex has entered into a Credit Agreement, dated as of June 30, 2009 and as amended on or about August 9, 2011 ("the Credit Agreement"), with the Commonwealth Bank of Australia ("the Creditor") pursuant to which the Creditor has provided certain working capital to Redflex. Such working capital is needed by Redflex to perform its obligations to City under the Agreement.

2. Pursuant to the Credit Agreement, Redflex granted to the Creditor a security interest in all of Redflex's personal property relevant to and associated with the Agreement with City as collateral for the payment and performance of Redflex's obligations to the Creditor under the 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 shall not, by virtue of the Credit Agreement, be relieved of any liability or obligation under the Agreement, and the Creditor has not assumed any liability or obligation of Redflex under the Agreement.

4. City hereby acknowledges notice of, approves and consents, in full, to Redflex's grant of the aforementioned security interest in favor of the Creditor in all of Redflex's rights and interests under the Agreement pursuant to the Credit Agreement.

5. City further acknowledges and agrees that this Acknowledgement and Consent Form shall be binding upon City and shall inure to the benefit of the successors and permitted assigns of the Creditor and to any replacement lenders, banks and/or financial institutions which refinance Redflex's obligations to the Creditor under the Credit Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, 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. Approved as to form, content and legality:

<p>City:</p> <p>City of San Buenaventura</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p>	<p>Redflex:</p> <p>REFLEX TRAFFIC SYSTEMS, INC., a Delaware Corporation</p> <p>By: _____</p> <p>Name: James A. Saunders</p> <p>Title: President, Chief Executive Officer</p>
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MAKING A SAFER WORLD.

July 7, 2014

The Honorable Mayor Cheryl Heitman
The Honorable Deputy Mayor Erik Nasarenko
The Honorable Councilmember Neal Andrews
The Honorable Councilmember James Monahan
The Honorable Councilmember Carl E. Morehouse
The Honorable Councilmember Mike Tracy
The Honorable Councilmember Christy Weir
City of Ventura
501 Poli Street
Ventura, CA 93002-0099

Re: Redflex Traffic Systems' Internal Investigation

Dear Mayor Heitman and Members of the Council:

I'm writing to you today to directly address the City of Chicago contract issues we announced in March 2013. In this letter, I want to discuss these events, the misconduct of certain former employees, and the extensive actions our company has taken in response to these issues. Redflex's corrective actions demonstrate our transparency and willingness to go farther than any of our competitors to protect the public's trust.

In October 2012, the Chicago Tribune ran an article discussing allegations of misconduct that a whistleblower had raised. The whistleblower's allegations centered on alleged misconduct of a (now former) Redflex executive vice president. Specifically it was alleged that a City employee involved in the administration of Redflex's contract received excessive gifts, gratuities and monetary payments from the former Redflex executive vice president.

Within days of the article, Redflex's Board of Directors engaged an outside law firm to conduct an independent and broad internal investigation. Redflex's internal investigation found that the former Redflex executive vice president did provide excessive gifts and gratuities (travel, accommodation, meals and entertainment) to a City employee in violation of Redflex policies and Chicago municipal ordinances. Redflex's internal investigation also concluded that a small number of other Redflex executives had knowledge of the Chicago incident. The internal investigation also revealed issues in a few other geographies. A description of the internal investigation's findings and our comprehensive remediation actions was publicly disclosed and is available in the Investor Relations section of our website located at: www.redflex.com, including the public disclosures on March 4, 2013, March 7, 2013, and April 11, 2013.



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In response to these findings, Redflex secured the resignation or termination of the executives who were involved - the Executive Vice President, CEO, CFO and General Counsel. In addition to ridding itself of the individuals involved, Redflex voluntarily reported the misconduct that it discovered to the appropriate law enforcement agencies, and it is cooperating fully with those agencies. During this time, the company also filed a lawsuit against the former executive vice president. In October 2013, the former executive vice president asserted a counterclaim against the company. Redflex denies the counterclaim's allegations and will aggressively defend itself as well as prosecute its claims against the former executive.

We are prepared to address any questions regarding any aspect of Redflex or municipal employee conduct that elected officials or staff members may have. Upon request, we will provide an audit report of gifts and gratuities extended to any governmental official or employee since January 2013. Redflex's corrective actions have been thorough and unprecedented. We are proud of the steps we've taken, and challenge the rest of the industry to meet our standards. Our ethics and compliance program and policies include:

1. **Training:** A Redflex Anti-Bribery and Anti-Corruption online training system has been created to train all employees, Board of Directors, and all contracted commercial intermediaries on Redflex Anti-Bribery and Anti-Corruption policies and procedures. All employees are required to complete Redflex Anti-Bribery and Anti-Corruption training acknowledgement on an annual basis. Additionally, there is expanded training for employees with high risk job classifications.
2. **Assessment and Reporting Processes:** Established specific policies and procedures to monitor compliance with state and municipal gift and hospitality policies, including appropriate reporting obligation to customers.
3. **Hotline and Compliance Email:** A whistleblower program, including a live 24-hour hotline and dedicated email address enables employees and Redflex customers, to report suspicious or illegal or unethical behavior on an anonymous basis and an assurance those reports will be reviewed, investigated and resolved. Reports flow directly to the Audit Committee Chairman, Director of Compliance and Redflex International Global Chief Financial Officer simultaneously.
4. **Compliance Association Membership and Software Solutions:** Membership in TRACE International, an association that provides compliance solutions and software to enable the company to track observance of Redflex policies and provide reports to customers.
5. **Contract Provisions and Processes:** The company has included language in its contracts with outside consultants stressing compliance with its policies and has changed its contract processes to ensure compliance.
 - a. Sales Consulting Agreements are being evaluated and now include, or will include, strong Anti-Bribery and Anti-Corruption compliance provisions.
 - b. Master Subcontractor Agreement and Professional Services agreements have been updated to include strong Anti-Bribery and Anti-Corruption compliance provisions.
 - c. All Sales Consulting Agreements and administration are now under the supervision of the General Counsel's office.
 - d. The company has clearly delineated the different roles of its sales consultants and lobbyists.



MAKING A SAFER WORLD.

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6. **Enhanced Expense Report Processes:** The company's expense reimbursement system has been fortified and is regularly monitored.
 - a. Expense reimbursement processes, controls, and training have been enhanced. The Director of Compliance reviews expense reports each pay period for all employees who interact with third parties.
 - b. Expense reimbursement form will be updated to require additional detail and a signature legend that requires the employee and approver to attest that the expenses are compliant with policy.

As it stands today, Redflex demonstrates the highest level of transparency and has the best compliance program of any company in our industry. Many others agree. Since we announced the findings of our internal investigation, we have signed, renewed or executed over 100 contracts. Please feel free to contact me at jsaunders@redflex.com with questions or concerns regarding this, or any other issue.

Sincerely,

A handwritten signature in black ink that reads "James A. Saunders". The signature is written in a cursive, flowing style.

James Saunders
President and Chief Executive Officer
Redflex Traffic Systems, Inc.

CC: Chief of Police Ken Corney