

**AMENDMENT NO. 1 TO CONTRACT NO. 2479, EXCLUSIVE AGREEMENT  
BETWEEN CITY OF SOUTH GATE AND REDFLEX TRAFFIC SYSTEMS, INC. FOR  
PHOTO RED LIGHT ENFORCEMENT PROGRAM**

This Amendment No. 1 (“Amendment”) to Contract No. 2479, the Exclusive Agreement (“Agreement”), Between City of South Gate (“City” or “Customer”) and Redflex Traffic Systems, Inc. (“Redflex”) for Photo Red Light Enforcement Program (“the Red Light Program”) is hereby made between City and Redflex and is deemed effective as of November 1, 2010. (City and Redflex are collectively referred to herein as the “Parties” and individually as a “Party”).

**RECITALS**

WHEREAS, Redflex has exclusive knowledge, possession and ownership of certain equipment, licenses, applications, and citation processes related to digital photo red light enforcement systems; and

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

WHEREAS, it is a mutual objective of both Redflex and the 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 Amendment and Agreement related thereto; and

WHEREAS, City and Redflex desire to amend the Exclusive Agreement between the City of South Gate and Redflex Traffic Systems, Inc., Agreement No. 2479, originally entered into on or about August 26, 2008 for a Red Light Photo Enforcement Program; and

WHEREAS, by letter dated August 5, 2010, attached hereto as Exhibit “A”, the Parties have agreed to a forty (40) day extension of the Agreement, from August 26, 2010 to and including October 1, 2010 ;

WHEREAS, by letter dated September 29, 2010, attached hereto as Exhibit “B”, the Parties have agreed to a thirty-one (31) day extension of the Agreement, from October 1, 2010 to and including October 31, 2010 ;

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:

**AMENDED TERMS AND CONDITIONS**

1. **Enforceability of Non-Amended Terms and Conditions.** Except as expressly amended in writing in this Amendment, the terms and conditions of the Exclusive Agreement between the City of South Gate and Redflex Traffic Systems, Inc., Agreement No. 2479, originally entered into on or about August 26, 2008 for a Red Light Photo Enforcement Program

and any and all amendments, attachments and exhibits attached thereto and incorporated herewith by reference shall be unchanged and shall remain enforceable and in full force and effect.

2. **Term.** The "**Term**" of the Agreement, as provided in Section 2 thereof, is hereby extended from August 26, 2010, through and including August 26, 2013 (the "Initial Term"), and additionally, the Customer shall have the right, but not the obligation, to extend the Initial Term of this Agreement for up to two (2) additional consecutive and automatic two (2) year periods following the expiration of the Initial Term (each a "Renewal Term" and collectively with the Initial Term, the "Term"). The Customer may exercise the right to extend the term of this Agreement for a Renewal Term by providing written notice to Redflex not less than forty-five (45) calendar days prior to the last day of the Initial Term or the Renewal Term, as the case may be.

3. **Expert Witnesses Provided by Redflex.** Provision 3.3.10 of the Agreement is hereby amended as follows: "Upon Redflex's receipt of a written request from the Customer at least fourteen (14) calendar days in advance of any court proceeding, Redflex shall provide expert witnesses for use by the Customer in prosecuting Violations at no additional costs to the Customer except for the payment by the Customer to Redflex of the reasonable travel expenses, including, but not limited to airline flight tickets and hotel room accommodations of out-of-state expert witnesses in connection therewith.

4. **Termination.** Provision 6.1. entitled "TERMINATION FOR CAUSE" of the Agreement, as defined in Section 6, is hereby deleted in full and replaced with the following:

"6.1. **Termination For Cause:** Either Party shall have the right to terminate the Agreement by written notice to the other if (i) state statutes, including, but not limited to the California Vehicle Code, are amended to prohibit or substantially change the operation of photo red light enforcement systems; (ii) any court having jurisdiction over the City rules, or state or federal statute, declares that results from the Redflex System of photo red light enforcement are inadmissible in evidence; or (iii) the other party commits any material breach of any of the provisions of this Agreement and/or this Amendment. In the event of a termination due to Section 6.1.(i) or 6.1.(ii) above, Customer shall be relieved of any further obligations for payment to Redflex other than as specified in Exhibit "D". Either party shall have the right to remedy the cause for termination (Sec.6.1.) within thirty (30) calendar days (or within such other time period as the Customer and Redflex shall mutually agree, which agreement shall not be unreasonably withheld or delayed) after written notice from the non-terminating party setting forth in reasonable detail the events of the cause for termination."

"6.1.5. **Termination Without Cause:** Either Party shall have the right to terminate this Agreement without cause at any time, without penalty, by

mailing to the non-terminating Party written notification of termination not less than thirty (30) calendar days prior to the termination date.”

5. **Pricing and Compensation.** The “Tier 2” Fixed Fee stated in Exhibit “D”, entitled “COMPENSATION & PRICING” of the Agreement, is hereby amended to provide a fixed fee reduction from \$3,300.00 to \$2,800.00 per system, per month, and as amended shall state as follows:

“Tier 2: \$2,800.00 per system, per month as full remuneration for the continued services at the following approaches;”

6. **Renegotiation.** The Parties may, but are not obligated to, renegotiate the terms and conditions set forth in Exhibit “D” of the Agreement, entitled, “COMPENSATION & PRICING” if red light photo enforcement revenues are reallocated by the State of California or if red light photo enforcement is materially changed by judicial action.

7. **Relationship Between Redflex and the City.** Nothing in this Amendment or the Agreement shall create, or be deemed to create, a partnership, joint venture and/or the relationship of principal and agent and/or employer and employee between the Parties. The relationship between the Parties shall be that of independent contractors, and nothing contained herein shall permit, authorize, sanction and/or allow, at any time, either Party to incur any debts and/or liabilities on behalf of the other Party.

8. **Construction.** The Amendment shall be construed as having been fully and completely negotiated between and among the Parties hereto and shall not be construed more strictly against either Party.

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

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

[Remainder of page left intentionally blank]


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

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

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

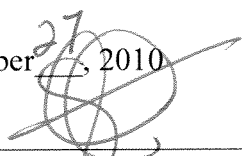
**FOR REDFLEX TRAFFIC SYSTEMS, INC.:**

Dated: October 20, 2010

By:   
Printed Name: Karen Finley  
Title: Chief Executive Officer

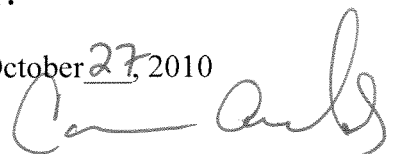
**FOR THE CITY OF SOUTH GATE:**

Dated: October 27, 2010

By:   
Gregory Martinez, Mayor


**ATTEST:**

Dated: October 27, 2010

By:   
Carmen Avalos, City Clerk

**APPROVED AS TO FORM:**

Dated: October 26, 2010

By:   
Raul F. Salinas, City Attorney

## EXHIBIT "A"



# City of South Gate

8650 CALIFORNIA AVENUE • SOUTH GATE, CA 90280-3075 • (323) 563-9503  
FAX (323) 569-2678 • rbates@sogate.org

RONALD BATES, PH. D.  
CITY MANAGER

August 5, 2010

**SENT VIA U.S. MAIL**

Redflex Traffic Systems, Inc.  
Attention: Ms. Karen Finley - President & CEO  
23751 N. 23<sup>rd</sup> Avenue, Suite 150  
Phoenix, AZ 85085

Re: Contract Extension

Dear Ms. Finley:

The City of South Gate (hereinafter "the City") hereby agrees to extend the term (hereinafter the "Extension") of the Agreement between the City of South Gate and Redflex Traffic Systems, Inc. (hereinafter "Redflex"), Agreement Number 2479, originally entered into on or about August 26, 2008 (hereinafter "the Agreement"), for a Red Light Photo Enforcement Program (hereinafter the "Red Light Program") for a period of forty (40) calendar days after the date of August 21, 2010. By execution below and return to the City, Redflex also agrees to the subject Extension.


The City of South Gate hereby agrees, warrants and represents that it has all right, power and authority to enter into this forty (40) calendar day Extension of the Agreement and the Red Light Program and to execute and deliver this letter and perform, in full, any and all duties and services in connection therewith. By execution below and return to the City, Redflex also agrees, warrants and represents that it has all right, power and authority to enter into the subject Extension and to execute and return this letter agreement and perform, in full, any and all duties and services in connection therewith.

Except as expressly amended in writing in this letter, the Agreement and any and all amendments, attachments and exhibits attached thereto and incorporated herewith by reference shall be unchanged and shall remain enforceable and in full force and effect. During this Extension the price per approach shall be \$2,800 per month instead of the \$3,300 per month.


Redflex Traffic Systems, Inc.  
Ms. Karen Finley – President & CEO  
August 5, 2010

If you have any questions or wish to discuss this matter further, please do not hesitate to contact the undersigned.

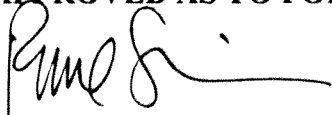
**CITY OF SOUTH GATE:**

  
\_\_\_\_\_  
Ronald Bates, City Manager


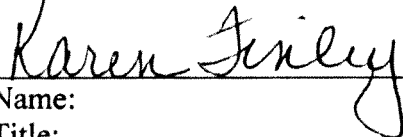
**ATTEST:**

  
\_\_\_\_\_  
Carmen Avalos, City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Raul F. Salinas, City Attorney

Agreed and Accepted:

 ~~REFLEX~~ **REFLEX TRAFFIC SYSTEMS, INC.**  
REFLEX  
  
\_\_\_\_\_  
Name:  
Title:

cc: Mike Negrette – Account Manager for Redflex Traffic Systems, Inc.

## EXHIBIT "B"



# City of South Gate

8650 CALIFORNIA AVENUE • SOUTH GATE, CA 90280-3075 • (323) 563-9503  
FAX (323) 569-2678 • rbates@sogate.org

RONALD BATES, PH. D.  
CITY MANAGER

September 29, 2010

### SENT VIA U.S. MAIL

Redflex Traffic Systems, Inc.  
Attention: Ms. Karen Finley - President & CEO  
23751 N. 23<sup>rd</sup> Avenue, Suite 150  
Phoenix, AZ 85085

Re: Contract Extension

Dear Ms. Finley:

The City of South Gate (hereinafter "the City") hereby agrees to extend the term (hereinafter the "Extension") of the Agreement between the City of South Gate and Redflex Traffic Systems, Inc. (hereinafter "Redflex"), Agreement Number 2479, originally entered into on or about August 26, 2008 (hereinafter "the Agreement"), for a Red Light Photo Enforcement Program (hereinafter the "Red Light Program") for a period of thirty-one (31) calendar days after the date of September 30, 2010. By execution below and return to the City, Redflex also agrees to the subject Extension.

At the September 28, 2010 City Council meeting, the Redflex representatives agreed to another extension of the contract through October 31, 2010. The City of South Gate hereby agrees, warrants and represents that it has all right, power and authority to enter into this thirty-one (31) calendar day Extension of the Agreement and the Red Light Program and to execute and deliver this letter and perform, in full, any and all duties and services in connection therewith. By execution below and return to the City, Redflex also agrees, warrants and represents that it has all right, power and authority to enter into the subject Extension and to execute and return this letter agreement and perform, in full, any and all duties and services in connection therewith.

Except as expressly amended in writing in this letter, the Agreement and any and all amendments, attachments and exhibits attached thereto and incorporated herewith by reference shall be unchanged and shall remain enforceable and in full force and effect. During this Extension the price per approach shall be \$2,800 per month instead of the \$3,300 per month.

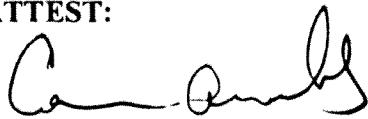
*Redflex Traffic Systems, Inc.*  
*Ms. Karen Finley – President & CEO*  
*September 29, 2010*  
*Page 2 of 2*

If you have any questions or wish to discuss this matter further, please do not hesitate to contact the undersigned.

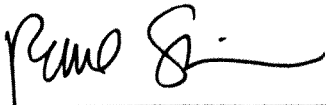
**CITY OF SOUTH GATE:**

MM   
\_\_\_\_\_  
Ronald Bates, City Manager

**ATTEST:**


  
\_\_\_\_\_  
Carmen Avalos, City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Raul F. Salinas, City Attorney

Agreed and Accepted:

**REDFLEX TRAFFIC SYSTEMS, INC.**

  
\_\_\_\_\_  
Name: Karen Finley  
Title: CEO

cc: Mike Negrette – Account Manager for Redflex Traffic Systems, Inc.