

J AGREEMENT TOWN OF PRESCOTT VALLEY ARIZONA AND REDFLEX TRAFFIC SYSTEMS INC
AUTOMATED PHOTO SPEED AND PHOTO RED LIGHT ENFORCEMENT PROGRAM This Agreement
Agreement is made as Of this 27th
day of July 2006 by and between Redflex Traffic Systems Inc a Delaware corporation with offices at 15020
N 74th Street Scottsdale Arizona Redflex and the Town of Prescott Valley Arizona
a municipal corporation with offices at 7501 E Civic Circle Prescott Valley AZ 86314 Customer collectively
the Parties RECITALS WHEREAS Customer has authority in ARS 999 240 8 14 28
643 and 28 703 to regulate driving on Customer s streets and WHEREAS this authority includes the right
to employ digital photo speed and photo red light enforcement systems and WHEREAS
Redflex has knowledge possession and ownership of certain equipment licenses applications and citation
processes related to digital photo speed and photo red light enforcement systems
and WHEREAS Customer desires to engage the services of Redflex to provide certain equipment
processes a processes back office services and other professional services so that designated
agents of Customer may monitor identify and enforce speed and red light violations and WHEREAS in so
doing it is a mutual objective of Redflex and Customer to reduce the incidence of
vehicle collisions at traffic intersections and on Customer s streets that will be monitored pursuant to the
terms of this Agreement and WHEREAS Customer may enter into a direct agreement
with Redflex for these professional services without formal bidding processes in accordance with Town
Code 93 04 080 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 hereto agree as follows AGREEMENT I DEFINITIONS In this
Agreement the words and phrases below shall have the following meanings lof32

1 1 Authorized Officer means the Police Project Manager or such other individual s as Customer shall
designate to review Potential Violations and to authorize the issuance of Citations
1 2 Authorized Violation means each Potential Violation in the Violations Data for which authorization to
issue a Citation in the form of an Electronic Signature is given by the Authorized
Officer by using the SmartOps™ System 13 Citation means the notice of a Violation which is mailed or
otherwise delivered served by Redflex or its agent to the violator on the appropriate
Enforcement Documentation for each Authorized Violation 14 Combined Photo Red Light Speed
Enforcement Program means the process by which the monitoring identification and enforcement
of Violations is facilitated by the use of certain equipment applications and back office processes of
Redflex including but not limited to cameras flashes central processing units signal
controller interfaces and detectors whether loop radar or video loop which collectively are capable of
measuring Violations and recording such Violations Data in the form of photographic
images of motor vehicles 1 5 Combined Redflex Photo Red Light Speed Fixed System means collectively
the SmartCam System the SmartOps™ System the Combined Photo Red Light Speed Enforcement
Program and all of the other equipment applications back office processes and digital red light traffic
enforcement cameras sensors components products software and other tangible and
intangible property relating thereto 1 6 Confidential 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 16 1 Matters of a business nature including but not limited to information relating to
development plans costs finances marketing plans data procedures business opportunities
marketing methods plans and strategies the costs of construction installation materials or components the
prices such Person obtains or has obtained from its clients or customers or

at which such Person sells or has sold its services and 16 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 20f32

this Agreement the term trade secrets shall mean the broadest and most inclusive interpretation of trade secrets permitted by law 16 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 17 Designated Intersection Approaches means the Intersection Approaches set forth in Exhibit A attached hereto and such additional Intersection Approaches as Redflex and Customer shall mutually agree to from time to time 1 8 Designated Vehicles means the vehicle supplied and equipped by Redflex for the purpose of mobile photo speed enforcement 19 Electronic Signature means the method through which the Authorized Officer indicates his or her approval of the issuance of a Citation for a Potential Violation using the SmartOps™ System 1 10 Enforcement Documentation means the necessary and appropriate documentation related to the Combined Photo Red Light Speed Enforcement Program including but not limited to warning letters Citation notices using the specifications of the Judicial Council and the Prescott Valley Police Department 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 either the Combined Redflex Photo Red Light Speed Fixed System or Redflex Photo Speed System chain of custody records criteria regarding operational policies for processing Citations including with respect to coordinating with the Arizona Department of Motor Vehicles and technical support documentation for applicable court and judicial officers 1 1 1 Equipment means any and all cameras sensors equipment components products software and other tangible and intangible property relating to the Combined Redflex Photo Red Light Speed Fixed System or Redflex Photo Speed System including but not limited to all camera systems housings radar units servers and poles 1 1 2 Fine means a monetary sum assessed for Citations including but not limited to bail forfeitures but excluding suspended fines 30f32

1 1 3 Governmental Authority means any domestic or foreign government governmental authority court tribunal agency or other regulatory administrative or judicial agency commission or organization and any subdivision branch or department of any of the foregoing 1 1 4 Installation Date of Combined Redflex Photo Red Light Speed Fixed System 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 Combined Photo Red Light Speed Enforcement Program 1 1 5 Installation Date of Redflex Photo Speed System means the date on which Redflex completes the construction and installation of at least 1 mobile unit van in accordance with the terms of this Agreement so that such mobile speed unit is operational for the purposes of functioning with the Combined Photo Red Light Speed Enforcement Program 1 1 6 Intellectual Property means with respect to any Person any and all now known or hereafter known tangible and intangible 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 t
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 117
Intersection Approach means a conduit of travel with up to four 4 contiguous
lanes from the curb e g northbound southbound eastbound or westbound 118 Operational Period means
the period of time during the Term commencing on the Installation Date of the Combined
Redflex Redflex Photo Red Light Speed Fixed System or the Redflex Photo Speed System whichever is
sooner during which either the Combined Photo Red Light Speed Enforcement Program or
Photo Speed Enforcement Program is functional in order to permit the identification and prosecution of
Violations at Designated Intersection Approaches and streets by a sworn police
officer of Customer and the issuance of Citations for such approved Violations using the SmartOps™
System 1 19 Person means a natural individual company Governmental Authority partnership
firm corporation legal entity or other business association 1 20 Photo Redlight Violation Criteria means
the standards and criteria by which Potential Violations will be evaluated by
designated agents of Customer which standards and criteria shall include but are not limited to the
duration of time that a 40f32

traffic light must remain red prior to a Violation being deemed to have occurred and the location s in an
intersection where a motor vehicle must pass during a red light signal in order
to be deemed to have committed a Violation all of which shall be in compliance with all applicable laws
rules and regulations of Governmental Authorities 121 Photo Speed Enforcement
Program means the process by which the monitoring identification and enforcement of Violations is
facilitated by the use of certain equipment applications and back office processes of
Redflex including but not limited to cameras flashes central processing units interfaces and detectors
which collectively are capable of measuring Violations and recording such Violation
data in the form of photographic images of motor vehicles 122 Photo Speed Violation Criteria means the
standards and criteria by which Potential Violations will be evaluated by designated
agents of Customer which standards and criteria shall include but are not limited to the vehicle speed and
the location s in which a motor vehicle must exceed posted speed limits 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 123 Police Project Manager
means the project manager appointed by Customer in accordance with this Agreement which may be a
sworn police officer and shall be responsible for overseeing the installation of the
Intersection Approaches and the implementation of the Combined Photo Red Light Speed Fixed System
and the Redflex Photo Speed System and which manager shall have the power and authority
to make management decisions relating to Customer s obligations pursuant to this Agreement 1 24
Potential Violation means with respect to any motor vehicle passing through a Designated
Intersection Approach and or street the data collected by the Combined Redflex Photo Red Light Speed
Fixed System and or Redflex Photo Speed System with respect to such motor vehicle
which data shall be processed by the SmartOps™ System for the purpose of allowing the Authorized
Officer to review such data and determine whether a Speed and/or Red Light Violation
has occurred 125 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 50f32

1 26 Redflex Marks means a all trademarks registered in the name of Redflex or any of its affiliates b other trademarks used by Redflex or any of its affiliates on or in relation to photo speed and photo red light enforcement at any time during the Term of this Agreement c service marks trade names logos brands and other marks owned by Redflex and d all modifications or adaptations of any of the foregoing 127 Redflex Photo Speed System means collectively the SmartCam System the SmartOps™ System the Combined Photo Red Light Speed Enforcement Program and all of the other equipment applications back office processes and digital speed traffic enforcement cameras radar units components products software and other tangible and intangible property relating thereto 128 Redflex Project Manager means the project manager appointed by Redflex in accordance with this Agreement which project manager shall initially be Joe Bernard or such other person as Redflex shall designate by providing written notice thereof to Customer from time to time who shall be responsible for overseeing the construction and installation of the Designated Intersection Approaches and the implementation of the Combined Redflex Photo Red Light Speed Fixed System and Redflex Photo Speed System and who shall have the power and authority to make management decisions relating to Redflex's obligations pursuant to this Agreement 129 Redflex Standard Reports are those reports that are available to the Customer via the SmartOps™ System This includes but is not limited to the Customer Management Report the Red Light Offender Report The Dismissal Report and Incident Look up Report 130 Redflex Standard Report System means the Redflex Internet based reporting system made available as part of the SmartOps™ System 131 SmartCam System means the proprietary digital speed and redlight photo enforcement system of Redflex relating to the Combined Photo Red Light Speed Enforcement Program 132 SmartOps™ System means the proprietary back office processes of Redflex relating to the Combined Photo Red Light Speed Enforcement Program 133 SmartScene System means the proprietary digital video camera unit hardware and software required for providing supplemental Violations Data 134 Traffic Signal Controller Boxes means the signal controller interface and detector including but not limited to the radar or video loop as the case may be 135 Violation means any traffic violation contrary to the terms of the Vehicle Code or any applicable rule regulation or law of any other Governmental Authority including but not limited to operating a motor vehicle contrary to traffic signals and operating a motor vehicle without displaying a valid license plate or registration 60f32

136 Violations Data means the images and other Violations Data gathered by the Combined Redflex Photo Red Light Speed Fixed System and Redflex Photo Speed System at Designated Intersection Approaches and/or streets 2 TERM The term of this Agreement shall commence as of the date hereof and shall continue for a period of five 5 years after the Installation Date Initial Term Customer shall have the right but not the obligation to extend the term of this Agreement for up to two 2 additional consecutive and automatic 1 year periods following the expiration of the Initial Term each Renewal Term and collectively with the Initial Term Term Customer may exercise the right to extend the term of this Agreement for a Renewal Term by providing written notice to Redflex not less than thirty 30 days prior to the last day of the Initial Term or the Renewal Term as the case may be 3 SERVICES Redflex shall provide the Combined Photo Red Light Speed Enforcement Program or Photo Speed Enforcement Program to Customer in each case in accordance with the terms and provisions set forth in this Agreement 31 INSTALLATION With respect to the construction and installation of a the Designated Intersection Approaches and the

installation of the Combined Redflex Photo Red Light Speed Fixed System at such Designated Intersection Approaches and b installation of the Redflex Photo Speed System in Designated Vehicles Customer and Redflex shall have the respective rights and obligations set forth in Exhibit B attached hereto 3 2 MAINTENANCE With respect to the maintenance of the Combined Redflex Photo Red Light Speed Fixed System at Designated Intersection Approaches and the Redflex Photo Speed System in Designated Vehicles Customer and Redflex shall have the respective rights and obligations set forth in Exhibit c attached hereto 3 INTEGRATION During the Operational Period Redflex shall provide the following computer system integration services 3 3 1 Redflex shall provide automated batch uploading downloading and numbering of all Citation information to the Prescott Valley Magistrate Court Court database in a format compatible with the Arizona Supreme Court AZTEC System currently used by the Court All data generated by the Combined Redflex Photo Red Light Speed Fixed System and or the Redflex Photo Speed System must be integrated into the Court s current database and system 3 2 Redflex shall pay all costs associated with programming requirements to accommodate the batch uploading downloading and numbering of information to the Court s database and any necessary modifications to the Court s database system Any software developed by Redflex must be compatible with the Court s software 70f32

33 Redflex shall complete all coding installation testing and acceptance of all software and software modifications for a fully functional system no later than three 3 weeks prior to implementation of the Combined Photo Red Light Speed Enforcement Program and or Photo Speed Enforcement Program 34 VIOLATION PROCESSING During the Operational Period Violations shall be processed as follows 34 1 All Violations Data shall be stored on the SmartOps™ System 3 4 2 Using the SmartOps™ System Redflex shall process Violations Data gathered from Designated Intersection Approaches and or streets and Designated Vehicles into a format capable of review by the Authorized Officer via the SmartOps™ System 343 The SmartOps™ System shall be accessible by the Authorized Officer through a virtual private network in encrypted format by use of a confidential password on any computer equipped with a high speed internet connection and a web browser 344 Redflex shall provide the Authorized Officer with access to the SmartOps™ System for the purposes of reviewing the pre processed Violations Data within seven 7 days of the gathering of the Violations Data from the applicable Designated Intersection Approaches and or streets and Designated Vehicles And Redflex shall permit the Authorized Officer to generate monthly reports using the Redflex Standard Report System 3 4 5 Customer shall cause the Authorized Officer to review the Violations Data and to determine whether a Citation shall be issued with respect to each Potential Violation captured within such Violations 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 through the SmartOps™ System for such purpose REDFLEX HEREBY ACKNOWLEDGES AND AGREES THAT THE DECISION TO ISSUE

A CITATION SHALL BE THE SOLE UNILATERAL AND EXCLUSIVE DECISION OF THE AUTHORIZED OFFICER AND SHALL BE MADE IN SUCH AUTHORIZED OFFICER S SOLE DISCRETION AND IN ACCORDANCE WITH ISSUANCE

CRITERIA ESTABLISHED BY CUSTOMER FROM TIME TO TIME CITATION DECISION AND IN NO EVENT SHALL REDFLEX HAVE THE ABILITY OR AUTHORIZATION TO MAKE A CITATION DECISION 34 6 With respect to

each Authorized Violation Redflex shall print and mail a Citation within six 6 calendar days after Redflex s receipt of such authorization provided however warning violation notices shall be issued for Authorized Violations during any mutually agreed upon warning period 8 of 32

3.4.7 The Authorized Officer shall pick up forms completed by defendants nominating another person as the driver. Nomination forms from the Court daily Nominations made within sixty (60) calendar days from the date of Violation are timely. For each timely Nomination approved by the Authorized Officer, Redflex shall reissue a Citation to the Nominated defendant bearing a new number. In its daily electronic updates to the Court, Redflex shall include each reissued Citation identified by new number, i.e., PH and name, and advise the Court of the related original Citations to be dismissed. Redflex shall reissue Citations to Nominated defendants within twelve (12) calendar days of receipt of the Nomination forms.

3.4.8 Redflex shall provide a toll free telephone number for the purposes of answering citizen inquiries and scheduling review of Violations. If digital imaging is used and the photograph is included with the Citation, Redflex shall be able to provide a duplicate copy upon request of the Court or a citizen.

PROSECUTION AND COLLECTION Customer shall diligently prosecute Citations and the collection of all Fines in respect thereof, and Redflex shall have the right to receive and Customer shall be obligated to pay the compensation set forth in Exhibit 0 attached hereto. Nothing herein, however, shall be construed to limit Judicial or Prosecutorial discretion in processing Citations; for example, defensive driving school is an acceptable option for defendants who meet Court requirements, and Redflex shall be paid when defendants either pay a fine or attend defensive driving school. To facilitate the processing, prosecution, and collection of Citations, the Parties agree that:

3.5.1 Upon Redflex's receipt of a written request from Customer, and in addition to the Redflex Standard Reports, Redflex shall provide, without cost to Customer, reports regarding the processing and issuance of Citations, the maintenance and downtime records of the Designated Intersection Approaches, and the functionality of the SmartCam, SmartOps™, and SmartScene Systems, with respect thereto, to Customer in such format and for such periods as Customer may reasonably request, provided, however, Redflex shall not be obligated to provide in excess of 6 such reports in any given 12-month period, without cost to Customer.

3.5.2 Upon Customer's receipt of a written request from Redflex, Customer shall provide, without cost to Redflex, reports regarding the prosecution of Citations and the collection of Citation payments and other monies in such format and for such periods as Redflex may reasonably request, provided, however, Customer shall not be obligated to provide in excess of 6 such reports in any given 12-month period, without cost to Redflex.

3.6 OTHER RIGHTS AND OBLIGATIONS During the Term, in addition to all of the other rights and obligations set forth in this Agreement, Redflex and Customer shall have the respective rights and obligations set forth in Exhibit E attached hereto.

3.7 CHANGE ORDERS Customer may from time to time request changes to the work required to be performed or the addition of products or services to those required pursuant to the terms of this Agreement by providing written notice thereof to Redflex, setting forth in reasonable detail the proposed changes. Change Order Notice. Upon Redflex's receipt of a Change Order Notice, Redflex shall deliver a written statement describing the effect, if any, the proposed changes would have on the pricing terms set forth in Exhibit D, Change Order Proposal, which Change Order Proposal shall include:

- a detailed breakdown of the charge and schedule effects;
- a description of any resulting changes to the specifications and obligations of the Parties;
- a schedule for the delivery and other performance obligations; and
- any other information relating to the proposed changes reasonably requested by Customer.

Following Customer's receipt of the Change Order Proposal, the Parties shall negotiate in good faith and agree to a plan and schedule for implementation of the proposed changes, the time, manner, and amount of payment, or price increases or decreases as the case may be, and any other matters relating to the proposed changes, provided, however, in the event that any proposed change involves only the addition of equipment or services to the existing Designated Intersection Approaches, Designated Vehicles, 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 10.4 LICENSE RESERVATION OF RIGHTS 4.1 LICENSE Subject to the terms and conditions of this Agreement Redflex hereby grants to Customer and Customer hereby accepts from Redflex upon the terms and conditions herein specified a non-exclusive non-transferable license during the Term of this Agreement to a solely within Customer's corporate limits access and use the SmartOps™ 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 SmartOps™ System in connection therewith but not to disclose to the public including outside of Customer's corporate limits that Redflex is providing services to Customer in connection with the Combined Photo Red Light Speed Enforcement Program and or Photo Speed Enforcement Program as applicable pursuant to the terms of this Agreement and to use and display the Redflex Marks on or in marketing public awareness or education or other publications or materials relating to the Combined Photo Red Light Speed Enforcement Program and or Photo Speed Enforcement Program as applicable so long as any and all such publications or materials are approved in advance by Redflex 4.2 RESERVATION OF RIGHTS Customer hereby acknowledges and agrees that Redflex is the sole and exclusive owner of the Combined Redflex Photo Red Light Speed Fixed System the Redflex Photo Speed System the Redflex Marks all Intellectual Property arising from or relating to these Systems and any and all related 100f32

Equipment but Customer neither has nor makes any claim to any right title or interest in any of the foregoing except as specifically granted or authorized under this Agreement and to by reason of the exercise of any such rights or interests of Customer pursuant to this Agreement Customer shall gain no additional right title or interest therein 4.3 RESTRICTED USE Customer hereby covenants and agrees that it shall not make any modifications to either the Combined Redflex Photo Red Light Speed Fixed System or the Redflex Photo Speed System including but not limited to any Equipment but alter remove or tamper with any Redflex Marks to use any of the Redflex Marks in any way which might prejudice their distinctiveness validity or the goodwill of Redflex therein to use any trademarks or other marks other than the Redflex Marks in connection with Customer's use of the Combined Redflex Photo Red Light Speed Fixed System and or the Redflex Photo Speed System pursuant to the terms of this Agreement without first obtaining the prior consent of Redflex or to disassemble decompile or otherwise perform any type of reverse engineering

to either the Combined Redflex Photo Red Light Speed Fixed System or the Redflex Photo Speed System including but not limited to any Equipment Intellectual Property or Proprietary Property of Redflex or cause any other Person to do any of the foregoing 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 Customer shall not take any action to remedy or prevent such infringing activities and shall not in its own name make any registrations or filings with respect to any of the Redflex Redflex Marks or the Intellectual Property of Redflex without the prior written consent of Redflex 4 5 INFRINGEMENT Customer shall use its reasonable best efforts to give Redflex prompt notice of any activities or threatened activities of any Person of which it becomes aware that infringes or violates the Redflex Marks or any of Redflex's Intellectual Property or that constitute a misappropriation of trade secrets or act of unfair competition that might dilute damage or destroy any of the Redflex Marks or any other Intellectual Property of Redflex Redflex shall have the exclusive right but not the obligation to take action to enforce such rights and to make settlements with respect thereto In the event that Redflex commences any enforcement action under this Section 4 5 Customer 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 however that Redflex shall reimburse Customer for any reasonable costs incurred in providing such cooperation and assistance 4 6 INFRINGING USE Customer shall give Redflex prompt written notice of any action or claim whether threatened or pending against Customer alleging that the Redflex Marks 11 of 32

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 Customer shall render to Redflex such reasonable cooperation and assistance as is reasonably requested by Redflex in the defense thereof provided however that Redflex shall reimburse Customer 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 Customer the right to keep using the allegedly infringing items modify them to avoid the alleged infringement or replace them with non infringing items S 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 Combined Redflex Photo Red Light Speed Fixed System and or Redflex Photo Speed System as applicable subject to applicable law in compliance with all specifications provided to Redflex by Customer 5 2 CUSTOMER REPRESENTATION AND WARRANTIES 5 2 1 Authority Customer 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 Professional Services Customer hereby warrants and represents that any and all services provided by the Customer 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 COMBINED REDFLEX PHOTO RED LIGHT SPEED FIXED SYSTEM AND OR REDFLEX PHOTO SPEED SYSTEM AS APPLICABLE OR ANY RELATED EQUIPMENT OR WITH RESPECT TO THE RESULTS OF THE CUSTOMER'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 12of32

OR THE COMBINED REDFLEX PHOTO RED LIGHT SPEED FIXED SYSTEM AND OR THE REDFLEX PHOTO SPEED SYSTEM AS APPLICABLE WILL OPERATE IN THE WAY CUSTOMER SELECTS FOR USE OR THAT THE OPERATION

OR USE THEREOF WILL BE UNINTERRUPTED CUSTOMER HEREBY ACKNOWLEDGES THAT THE COMBINED REDFLEX PHOTO RED LIGHT SPEED FIXED SYSTEM AND OR THE REDFLEX PHOTO SPEED SYSTEM AS APPLICABLE MAY

MALFUNCTION FROM TIME TO TIME NEVERTHELESS 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 FOR CAUSE Either Party shall have the right to terminate this Agreement immediately by written notice to the other if a state statute is amended to prohibit or substantially change the operation of photo speed and photo red light enforcement systems b any court having jurisdiction over Customer's municipal codes or Arizona or federal statute declares that results from the Combined Redflex Photo Red Light Speed Fixed System and or the Redflex Photo Speed System as applicable are inadmissible in evidence or c the other Party commits any material breach of any of the provisions of this Agreement which breach is not remedied within forty five 45 calendar days or within such other time period as Customer and Redflex shall mutually agree which agreement shall not be unreasonably withheld or delayed after written notice from the non breaching Party setting forth in reasonable detail the events which caused the breach 6.2 The rights to terminate this Agreement given in Subsection 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 this Subsection 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 Combined Photo Red Light Speed Enforcement Program and or the Photo Speed Enforcement Program as applicable ii promptly deliver to Customer any and all Proprietary Property of Customer provided to Redflex pursuant to this Agreement iii promptly deliver to Customer a final report to Customer regarding the collection of Violations Data and the issuance of Citations in such format and for such periods

as Customer may reasonably request and which final report Redflex shall update or supplement from time to time when and if additional Violations Data or information becomes available
iv promptly deliver to Customer a final invoice 130f32

stating all Citation payments and other monies properly owed by Customer to Redflex for work performed and Citations issued by Redflex prior to the termination and v provide such assistance
as Customer may reasonably request from time to time in connection with prosecuting and enforcing Citations issued prior to the termination of this Agreement 6 32 Customer shall i immediately cease using the Combined Photo Red Light Speed Enforcement Program and or the Photo Speed Enforcement Program as applicable accessing the SmartOps™ System and using any other Intellectual Property of Redflex ii promptly deliver to Redflex any and all Proprietary Property of Redflex provided to Customer pursuant to this Agreement and iii promptly pay any and all Citation payments and other monies properly owed by Customer to Redflex for work performed and Citations issued by Redflex prior to the termination 6 3 3 Unless Customer and Redflex have agreed to enter into a new agreement relating to the Combined Photo Red Light Speed Enforcement Program and or Photo Speed Enforcement Program or have agreed to extend the Term of this Agreement Redflex shall remove any and all Equipment or other materials of Redflex installed in connection with Redflex's performance of its obligations under this Agreement including but not limited to housings poles and camera systems and Redflex shall restore the Designated Intersection Approaches to substantially the same condition such Designated Intersection Approaches were in immediately prior to this Agreement 6 4 SURVIVAL Notwithstanding the foregoing the definitions and each of the following shall survive the termination of this Agreement a Subsections 4 2 Reservation of Rights 5 1 Redflex Representations and Warranties 5 2 Customer Representations and Warranties 3 5 Limited Warranty 1 11 Assignment 1 16 Injunctive Relief Specific Performance 1 17 Applicable Law and 1 18 Jurisdiction and Venue b Sections 7 Confidentiality 8 Indemnification and Liability 9 Notices 10 Dispute Resolution and c those provisions and 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 7 CONFIDENTIALITY During the term of this Agreement and for a period of 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 needed to know such Confidential Information provided that such parties undertake in writing or are 14 of 32

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 8 INDEMNIFICATION AND LIABILITY 8 1 INDEMNIFICATION BY REDFLEX Subject to Subsection 8 3 Redflex hereby agrees to defend and indemnify Customer and its 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 Customer Party and collectively Customer Parties for from and against and to protect save and keep harmless Customer Parties from and to pay on behalf of or reimburse Customer Parties as and when incurred for any and all liabilities obligations losses damages penalties demands claims actions sui is 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 Customer 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 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 Customer Party 8 2 INDEMNIFICATION BY CUSTOMER Subject to Subsection 83 Customer 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 Redflex Party and collectively Redflex Parties for from and against and to protect save and keep harmless Redflex Parties from and to pay on behalf of or reimburse 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 Customer contained in this Agreement or b the willful misconduct of Customer 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 Redflex Party 83 INDEMNIFICATION PROCEDURES In the event of any claim action or demand Claim where any Party hereto seeks indemnification from the other the Party seeking indemnification Indemnified Party shall give the Party from whom indemnification is sought 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 15 of 32

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 8 4 LIMITED LIABILITY Notwithstanding anything to the 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 indirect incidental special lost profits or consequential damages however caused and on any theory of liability arising out of or relating to this Agreement

9 NOTICES Any notices to be given hereunder shall be in writing and shall be deemed to have been given upon delivery if delivered by hand or 3 days after being mailed first class certified mail return receipt requested postage and registry fees prepaid or 1 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 1 Notices to Redflex
Redflex Traffic Systems Inc
15020 North 74th Street
Scottsdale AZ 85260
Attention Ms Karen Finley
Facsimile 480 607 0752

9 2 Notices to Customer
Town of Prescott Valley
Arizona 7601 East Civic Circle
Prescott Valley Arizona 86314
Attention Chief of Police
Facsimile 928 772 2700

10 DISPUTE RESOLUTION Upon the occurrence of any dispute or disagreement between the Parties hereto arising out of or in connection with any term or provision of this Agreement the subject matter hereof or the interpretation or enforcement hereof the Parties shall engage in informal good faith discussions and attempt to

resolve the Dispute In connection therewith upon written notice of either Party each of the Parties will appoint a designated officer whose task it shall be to meet for the purpose of attempting to resolve such Dispute The designated officers shall meet as often as the Parties shall deem to be reasonably necessary Such officers will discuss the Dispute If the Parties are unable to resolve the Dispute in accordance with this Section 10 and in the event that either of the Parties concludes in good faith that amicable resolution through continued negotiation with respect to the Dispute is not reasonably likely then the Parties agree to submit to mediation In such event the Parties agree that there shall be a 45 day moratorium on litigation during which time the Parties agree to attempt to settle the Dispute by nonbinding mediation The mediation shall be held under the commercial mediation rules of the American Arbitration Association The matter in dispute shall be submitted to a mediator mutually selected by the Parties In the event the Parties cannot agree upon the selection of a mediator within 7 days then within 3 days thereafter the Parties shall jointly request the presiding judge of the Superior Court in and for the County of Yavapai State of Arizona to appoint an independent mediator The mediator selected shall have at least 5 years experience in mediating or arbitrating disputes The cost of any such mediation shall be divided equally among the Parties The results of the mediation shall be nonbinding on the Parties and any Party shall be free to initiate litigation subsequent to the moratorium

11 MISCELLANEOUS

11 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 Customer hereby acknowledges and agrees that the execution as outlined in Exhibit F delivery and performance of Redflex's rights pursuant to this Agreement shall require a significant investment by Redflex and that in order to finance such investment Redflex may be required to enter into certain agreements or arrangements Financing Transactions with equipment lessors banks financial institutions or other similar persons or entities each Financial Institution and collectively Financial Institutions Customer hereby agrees that Redflex shall have the right to assign pledge hypothecate or otherwise transfer Transfer its rights or any of them under this Agreement to any Financial Institution in connection with any Financing Transaction between Redflex and any such Financial Institution subject to Customer's prior written approval which approval shall not be

unreasonably withheld or delayed Customer further acknowledges and agrees that in the event that Redflex provides written notice to Customer that it intends to Transfer all or any of Redflex's rights pursuant to this Agreement and in the event that Customer fails to provide written approval or objection to such Transfer within 45 business days after its receipt of such notice from Redflex for the purposes of this Agreement Customer shall be deemed to have consented to and approved such Transfer by Redflex. Notwithstanding the above this Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors or assigns. 121 RELATIONSHIP BETWEEN REDFLEX AND THE CUSTOMER Nothing in this Agreement shall create or be deemed to create a partnership, joint venture or the relationship of principal and agent or employer and employee between the Parties. The 17 of 32

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. 131 AUDIT RIGHTS Each of the Parties hereto shall have the right to audit the books and records of the other Party (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 five working days 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 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, the non-Audited Party shall promptly refund to the Audited Party the amount of the overpayment. 141 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. 11.5 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. 11.6 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. 11.7 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. 18 of 32

11.8 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 119 HEADINGS The headings of the Sections and Subsections 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 101 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 Anyone 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 11 COVENANT OF FURTHER ASSURANCES All Parties to this Agreement shall upon request 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 to carry out the intent of this Agreement 112 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 anyone remedy shall not be deemed to be an election of such remedy or a waiver of any other remedy 1113 BINDING EFFECT This Agreement shall inure to the benefit of and be binding upon all of the Parties hereto and their respective executors administrators successors and permitted assigns 11 14 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 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 115 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 190f32

116 INJUNCTIVE RELIEF SPECIFIC PERFORMANCE The Parties hereby agree and acknowledge that a breach of Subsections 4 1 License and 43 Restricted Use or Section 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 for specific performance hereof 117 APPLICABLE LAW This Agreement shall be governed by and construed in all respects solely in accordance with the laws of the State of Arizona United States 118 JURISDICTION AND VENUE Any dispute arising out of or in connection with this Agreement shall be submitted to the exclusive jurisdiction and venue of the courts located in the County of Yavapai Arizona and both Parties specifically agree to be bound by the jurisdiction and venue thereof The remainder of this page is left intentionally blank 20 of 32

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day and year first set forth above 7E e N 11 Title Town Clerk APPROVED AS TO FORM BY L I Name Ivan Legler

Title Town Attorney Redflex REDFLEX TRAFFIC SYSTEMS INC Z Name Karen Finley Title
President/CEO 210f32

EXHIBIT A Designated Intersection Approaches and Redflex Photo Speed Systems The Agreement provides for construction and activation of up to 12 Combined Redflex Photo Red Light Speed Fixed Systems or Redflex Photo Speed Systems or any combination thereof Identification of the Systems to be deployed will be based on mutual agreement between Redflex and Customer as warranted by community safety and traffic needs The Customer and Redflex have agreed to implement the following 6 Systems contingent upon construction feasibility 1 Glassford Hill and Route 69 2 Combined Redflex Photo Red Light Speed Fixed Systems one southbound one eastbound 2 Prescott Valley Country Club and Route 69 I Combined Redflex Photo Red Light Speed Fixed System southbound 3 Route 69 east oftown 2 mid block Redflex Photo Speed Systems 4 I Speed Van To be deployed a minimum of 60 hours per week 22 of 32

EXHIBIT B Construction and Installation Obligations Timeframe for Installation Combined Redflex Photo Red Light Speed Fixed System Redflex will have each specified intersection installed and activated in phases in accordance with an implementation plan to be agreed to by Redflex and Customer Redflex will use reasonable commercial efforts to install the Combined Redflex Photo Red Light Speed Fixed System in accordance with the schedule set forth in the implementation plan that will be formalized upon project commencement

Redflex will use reasonable commercial efforts to install and activate the first specified intersection within the first 60 days subsequent to formal project kick off Customer agrees that the estimated timeframe for installation and activation are subject to conditions beyond the control of Redflex and are not guaranteed In order to provide Customer with timely completion of the Photo Enforcement Project Project Redflex requires that Customer assist with providing timely approval of Redflex permit requests Customer acknowledges the importance of the safety program and undertakes that in order to keep the Project on schedule Customer is to provide engineering review of Redflex permit requests and all documentation in a timely manner Redflex will also review and correct if necessary any redlines in a timely manner I 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 I I Appoint the Redflex Project Manager and a project implementation team consisting of between I and 4 people to assist the Redflex Project Manager 1 2 Request current as built electronic engineering drawings for the Designated Intersection Approaches Drawings from Customer s traffic engineer 13 Develop and submit to Customer for approval construction and installation specifications in reasonable detail for the Designated Intersection Approaches including but not limited to specifications for all radar sensors pavement loops electrical connections and traffic controller connections as required 14 Seek approval from the relevant Governmental Authorities having authority or jurisdiction over the construction and installation specifications for the Designated Intersection Approaches collectively Approvals which will include compliance with Customer permit applications 15 Finalize the acquisition of the Approvals 230f32

16 Submit to Customer a public awareness strategy for Customer s consideration and approval which strategy shall include media and educational materials for Customer s approval or amendment Awareness Strategy 1 7 Develop the red light Violation criteria in consultation with Customer 18 Develop the Enforcement Documentation for approval by Customer 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 under the supervision of Customer 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 Combined Redflex Photo Red Light Speed Fixed System and establish fully operational Violation processing capability with the SmartOps™ System 1 12 Implement the use of the Combined Redflex Photo Red Light Speed Fixed System at each of the Designated Intersection Approaches 1 13 Deliver media and program materials Materials that Customer will require in order to implement the Awareness Strategy during the period commencing on the date on which Redflex begins the installation of any of the Designated Intersection Approaches Installation Date and ending one month after the Installation Date 1 14 Issue Citation notices for Authorized Violations 1 15 Provide training for up to 15 personnel of Customer including but not limited to the persons who Customer shall appoint as Authorized Officers and other persons involved in the administration of the Combined Photo Red Light Speed Enforcement Program and or Photo Speed Enforcement Program for at least 16 hours in the aggregate regarding the operation of the Combined Redflex Photo Red Light Speed Fixed System Redflex Photo Speed

System the Combined Photo Red Light Speed Enforcement Program and the Photo Speed Enforcement Program which training shall include strategies for presenting Violations Data in court and judicial proceedings and a review of Enforcement Documentation 116 Interact with court and judicial personnel to address issues regarding implementation of the Combined Photo Red Light Speed Enforcement Program and or the Photo Speed Enforcement Program as applicable b develop a subpoena 24 of 32

processing timeline that will permit timely submission of Violations Data in judicial proceedings c discuss a method for efficiently processing Citations and d ensure coordination between Redflex Customer and court personnel 1 17 Provide reasonable public relations resources and media materials to Customer in the event Customer elects to conduct a public launch of the Combined Photo Red Light Speed Enforcement Program and or Photo Speed Enforcement Program and 1 18 Process Citations and re issue Citations as requested and necessary 2 CUSTOMER OBLIGATIONS Customer shall do or cause to be done each of the following in each case unless otherwise stated below at Customer s sole expense 2 1 1 Appoint the Police Project Manager 2 12 Assist Redflex in obtaining the Drawings from the relevant Governmental Authorities 2 13 Notify Redflex of any specific requirements relating to the construction and installation of any Intersection Approaches or the implementation of the Combined Photo Red Light Speed Enforcement Program and or Photo Speed Enforcement Program as applicable 2 14 Provide assistance to Redflex as and to the extent permitted by law in obtaining access to the records data of the Arizona Department of Motor Vehicles in Redflex s capacity as an independent contractor to Customer 2 1 5 Assist Redflex in seeking the Approvals 2 16 Provide reasonable access to Customer s properties and facilities in order to permit Redflex to install and test the functionality of the Designated Intersection Approaches and the Combined Photo Red Light Speed Enforcement Program and or Photo Speed Enforcement Program as applicable 2 17 Provide reasonable access to the personnel of Customer and reasonable information about the specific operational requirements of such personnel for the purposes of performing training 2 18 Seek approval or amendment of Awareness Strategy and provide written notice to Redflex with respect to the quantity of Materials Customer will require in order to implement the Awareness Strategy during the period commencing on the Installation Date and ending one month after the Installation Date 2 1 9 Assist Redflex in developing the redlight Violation criteria and 2 1 10 Seek approval of the Enforcement Documentation 250f32

Mobile Photo Speed System Redflex may upon mutual agreement with Customer provide one or more fully equipped vehicle s for mobile photo speed enforcement Redflex will use reasonable commercial efforts to acquire and equip the vehicle within the first 60 days subsequent to formal Project kick off Customer agrees that the estimated timeframe for acquiring equipping and delivering the vehicle is subject to conditions beyond the control of Redflex and is not guaranteed I REDFLEX OBLIGATIONS a Supply a fully equipped vehicle for mobile photo speed enforcement b Provide technical support for all SmartOps™ Systems and Redflex supplied equipment in the vehicle c Provide image viewing and processing and d Provide Camera Operators to staff the vehicle if requested by Customer 2 CUSTOMER OBLIGATIONS a Coordinate a vehicle deployment strategy with Redflex to maximize education awareness and speed violation reduction b Deploy the vehicle at a minimum of 12 hours per ay 5 days per week and c Support customary fine collection 26 of 32

EXHIBIT C Maintenance | All repair and maintenance of the Combined Redflex Photo Red Light Speed Fixed System and the Redflex Photo Speed System and related equipment will be the sole responsibility of Redflex including but not limited to maintaining the casings of the cameras and all other Equipment in reasonably clean and graffiti free condition 2 Redflex shall not open the Traffic Signal Controller Boxes without a traffic engineer employed by Customer present 3 The provision of all necessary communication broadband and telephone services to the Designated Intersection Approaches will be the sole responsibility of Customer 4 The provision of all necessary electrical services to the Designated Intersection Approaches will be the sole responsibility of Customer 5 In the event that images of a quality suitable for the Authorized Officer to identify Violations cannot be reasonably obtained without the use of flash units Redflex shall provide and install such flash units 6 The Redflex Project Manager or a reasonable alternate shall be available to the Police Project Manager each day on a reasonable best efforts basis 7 Redflex will be responsible for all scheduled vehicle maintenance limited to oil changes every 3 000 miles or 3 months whichever comes first gasoline tires and regular cleanings both to the interior and exterior of the vehicle 27 of J2

EXHIBIT D COMPENSATION PRICING Compensation for Systems Covered by Cost Reimbursement Commencing on the expiration of the warning period mutually agreed upon by Redflex and Customer Warning Period Customer shall be obligated to pay Redflex a fixed fee of seventy dollars 70 00 per paid Citation as full remuneration for performing all services contemplated in this Agreement for the following 5 Systems 1 Glassford Hill and Route 69 J Combined Redflex Photo Red Light Speed Fixed System eastbound 2 Prescott Valley Country Club and Route 69 J Combined Redflex Photo Red Light Speed Fixed System southbound 3 Route 69 east of town 2 mid block Redflex Photo Speed Systems 4 1 Speed Van To be deployed a minimum of 60 hours per week Compensation for all other Systems Commencing on the expiration of the Warning Period Customer shall be obligated to pay Redflex a fixed fee of sixty dollars 60 00 per paid Citation for the following System and any subsequent Systems installed as mutually agreed upon by the Customer and Redflex as full remuneration for performing all services contemplated in this Agreement 1 Glassford Hill and Route 69 J Combined Redflex Photo Red Light Speed Fixed System southbound Cost Reimbursement Guarantee Following the expiration of the Warning Period reimbursement to the Customer in the amount of one 1 600 00 per system per month for each of the Reimbursement Guaranteed Approaches 1 Redflex will guarantee cost thousand six hundred dollars following 5 Systems Cost 1 Glassford Hill and Route 69 J Combined Redflex Photo Red Light Speed Fixed System eastbound 2 Prescott Valley Country Club and Route 69 J Combined Redflex Photo Red Light Speed Fixed System southbound 3 Route 69 east of town 2 mid block Redflex Photo Speed Systems 4 1 Speed Van To be deployed a minimum of 60 hours per week 28 of J2

Payment to Redflex 1 Each month the Courts will report the disposition of Combined Redflex Photo Red Light Speed Fixed System cases to Redflex 2 Redflex will bill the Customer monthly at a rate of 70 00 or 60 00 per paid Citation depending on whether the System is a Cost Reimbursement Guaranteed Approach from the report received from the Courts 3 Redflex will reduce the invoice by the total of 1 600 00 per month for each full month of service or by a prorated amount of the 1600 00 for each partial month of service provided at each of the Cost Reimbursement Guaranteed Approaches 4 In the event that a Cost Reimbursement Guaranteed Approach does not

generate at least 1 600 00 in total revenue there will be no charge to the Customer for that approach Further the shortfall of the Town receipts relative to the cost reimbursement guarantee for each Cost Reimbursement Guaranteed Approach will be carried over to future months and satisfied prior to future invoicing For example Month 1 Cost Reimbursement Guaranteed Approach generates one thousand four hundred dollars 1 400 00 cost reimbursement guarantee 1 400 00 Month 2 same Cost Reimbursement Guaranteed Approach generates two thousand dollars 2 000 00 cost reimbursement guarantee one thousand eight hundred dollars 1 800 00 1 600 00 from month 2 plus two hundred dollars 200 00 shortfall from month 1 BUSINESS ASSUMPTIONS FOR ALL PRICING OPTIONS 1 Customer agrees to pay Redflex within 30 days after the invoice is received A monthly late fee of one percent 1 of the unpaid balance is payable for amounts remaining unpaid 60 days from date of invoice 2 If the Town's Fine per Citation is adjusted the compensation per paid Citation paid to Redflex shall be adjusted in equal proportion 3 Redflex will provide process service by a legally recognized and authorized process server for Citations that have been issued to Arizona residents but which have not been responded to within forty 40 calendar days for original Citations and twenty 20 calendar days for re-issued Citations Process service of Citations shall be paid to Redflex at the rate of twenty six dollars 26 00 per completed service unless otherwise mutually agreed to by the Parties 29 of 32

Exhibit E Additional Rights and Obligations 1 Redflex and Customer shall have the additional rights and obligations set forth below 2 Redflex shall assist Customer with 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 Combined Photo Red Light Speed Enforcement Program and or Photo Speed Enforcement Program as applicable actual print and production costs are the sole responsibility of Customer 3 Redflex shall be solely responsible for fabricating and installing signage notices or other postings required by any law rule or regulation of any Governmental Authority Signage including but not limited to the Vehicle Code and AR S 928 654 and shall assist in determining the placement of such Signage 4 The Redflex Project Manager and the Police Project Manager shall meet on a weekly basis during the period commencing as of the date of execution hereof and ending on the Installation Date and on a monthly basis for the remainder of the Term at such times and places as the Redflex Project Manager and the Police Project Manager shall mutually agree 5 Customer shall not access the Redflex System or use the Combined Photo Red Light Speed Enforcement Program or Photo Speed Enforcement Program in any manner other than prescribed by law and shall not knowingly damage disable impair or overburden the Combined Redflex Photo Red Light Speed Fixed System or Redflex Photo Speed Customer shall not attempt to gain unauthorized access to any account of any other system Person or any computer systems or networks connected to the Combined Redflex Photo Red Light Speed Fixed System or Redflex Photo Speed System or c any materials or information not intentionally made available by Redflex to Customer by means of hacking password mining or any other method whatsoever nor shall Customer cause any other Person to do any of the foregoing Customer shall promptly reimburse Redflex for the cost of repairing or replacing any portion of the Combined Redflex Photo Red Light Speed Fixed System or Redflex Photo Speed System or any property or equipment related thereto damaged directly or indirectly by Customer or any of its employees contractors or agents 6 Customer shall maintain the confidentiality of any username password or other process or device for accessing the Combined Redflex Photo Red Light Speed Fixed System or Redflex Photo Speed System or using the Combined

Photo Red Light Speed Enforcement Program or Photo Speed Enforcement Program 7 Redflex and Customer shall advise each other in writing with respect to any applicable rules or regulations governing the conduct of the other on or with respect to the property of such other Party including but not limited to rules and regulations relating to the safeguarding of 30 of 32

confidential or proprietary information and when so advised each of Redflex and Customer shall obey any and all such rules and regulations 8 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 a Commercial General Liability Insurance Secure and continuously carry with insurers authorized to do business in Arizona and possessing a current A M Best Inc Rating of B 6 or better Commercial General Liability Insurance with coverage of not less than two million dollars 2 000 000 00 combined single limit per occurrence for bodily injury and property damage b Commercial Automobile Liability Insurance Secure and continuously carry with insurers authorized to do business in Arizona and possessing a current AM Best Inc Rating of B 6 or better Commercial Automobile Liability Insurance with coverage of not less than 2 000 000 00 combined single limit per occurrence for bodily injury or property damage including but not limited to coverage for all automobiles owned by Redflex hired by Redflex and owned by third parties c Professional Liability Errors and Omissions Insurance Secure and continuously carry with insurers authorized to do business in Arizona and possessing a current AM Best Inc Rating of B 6 or better Professional Liability Errors and Omissions Insurance with coverage of not less than 2 000 000 00 per occurrence and in the aggregate d Workers Compensation and Employer's Liability Insurance Workers Compensation Insurance with coverage of not less than the limits required by the Labor Code of the State of Arizona and Employer's Liability Insurance with coverage of not less than 2 000 000 00 per occurrence 2 With respect to the insurance described in the foregoing Section 8 I of this Exhibit E any deductibles or self insured retentions must be declared to and approved by Customer and any changes to such deductibles or self insured retentions during the Term must be approved in advance in writing by Customer 3 With respect to the Commercial General Liability Insurance the following additional provisions shall apply a The Customer Parties shall be covered as additional insureds with respect to any liability arising from any act or omission of any Redflex Parties on the premises upon which any such Redflex Parties may perform services pursuant to this 31 of 32

Agreement and such coverage shall contain no special limitations on the scope of protection afforded to such additional insureds I b The insurance coverage procured by Redflex and described above shall be the primary insurance with respect to the Customer Parties in connection with this Agreement and any insurance or self insurance maintained by any of the Customer Parties shall be in excess and not in contribution to such insurance c Any failure to comply with the reporting provisions of the various insurance policies described above shall not affect the coverage provided to the Customer Parties and such insurance policies shall state that 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 4 With respect to the insurance described in the foregoing Section 8 I

of this Exhibit E each such insurance policy shall be endorsed to state that the coverage provided thereby shall not be cancelled except after 30 calendar days prior written notice to Customer If any of the Redflex Parties are notified by any insurer that any insurance coverage will be cancelled Redflex shall immediately provide written notice thereof to Customer and shall take all necessary actions to correct such cancellation in coverage limits and shall provide written notice to Customer 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 Customer shall have the right but not the obligation exercisable in its sole discretion to either terminate this Agreement and seek damages from Redflex for such breach or 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 Customer for such insurance If the premium costs advanced by Customer for such insurance exceed any amounts due to Redflex pursuant to this Agreement Redflex shall promptly remit such excess amount to Customer upon receipt of written notice thereof 5 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 Customer prior to Redflex commencing any work pursuant to the terms of this Agreement 32 of 32

Exhibit F FORM OF ACKNOWLEDGMENT AND CONSENT I This Acknowledgement and Consent is entered into by and between the Town of Valley Arizona Customer and Redflex Traffic Systems Inc Red ex dated OAti related to that certain Agreement dated by and between Customer and Redflex Agreement I 1 Redflex has entered into a Credit Agreement dated as of August 3 2004 the Harris Redflex Credit Agreement with Harris Trust and Savings Bank the Bank pursuant to which the Bank has provided certain working capital credit facilities to Redflex Such credit facilities will provide Redflex the working capital that it needs to perform its obligations to Customer under the Agreement 2 Pursuant to the Harris Redflex Credit Agreement Redflex has granted Harris a security interest in all of Redflex s personal property as collateral for the payment and performance of Redflex s obligations to the Bank under the Harris Redflex Credit Agreement Such security interest applies to and covers all of Redflex s contract rights including without limitation all of Redflex s rights and interests under the Agreement 3 Redflex will not by virtue of the Harris Redflex Credit Agreement be relieved of any liability or obligation under the Agreement and the Bank has not assumed any liability or obligation of Redflex under the Agreement 1 4 Customer hereby acknowledges notice of and consents to Redflex s grant of such security interest in favor of the Bank in all of Redflex s rights and interests under the Agreement pursuant to the Harris Redflex Credit Agreement 5 Customer further acknowledges and agrees that this Acknowledgement and Consent shall be binding upon Customer and shall inure to the benefit of the successors and assigns of the Bank and to any replacement lender which refinances Redflex s obligations to the Bank under the Harris Redflex Credit Agreement IN WITNESS WHEREOF Customer 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 Customer Redflex REDFLEX TRAFFIC SYSTEMS INC I 330f32