

STANDARD PROFESSIONAL SERVICES AGREEMENT

This Standard Professional Services Agreement which includes the attached Exhibits (herein "Agreement") is made by and between American Traffic Solutions, Inc. (herein "ATS"), with its principal place of business at 1330 West Southern Avenue, Tempe, Arizona, and the County of _____, Texas (herein "Customer"). ATS and Customer may be referred to herein, individually, as a "Party", and collectively, as the "Parties." This Agreement sets forth the terms, conditions and obligations of the Parties.

WITNESSETH:

WHEREAS the Commissioners Court of the County of _____, Texas has been granted general control over all roads, highways and bridges, in _____ County, Texas by Texas Transportation Code § 251.016; and

WHEREAS speeding in School Zones on county roads negatively impacts the safety of public travel in the County of _____, Texas; and

WHEREAS speeding in School Zones on county roads negatively impacts the peace in the County of _____, Texas; and

WHEREAS the Sherriff of the County of _____, Texas is to be a conservator of the peace in said County (Tex. Local Gov't Code § 2.17); and

WHEREAS the use of speed cameras in school zones in the County of _____, Texas will protect the peace and the safety of public travel in said County; and

WHEREAS, ATS has the exclusive knowledge, possession and ownership of certain equipment, licenses, and the processes (collectively referred to herein as the "AxisTM System" or "Axis"); and

WHEREAS, CUSTOMER desires to use the Axis System to monitor and enforce traffic violations and to issue citations for said traffic violations; and

WHEREAS, CUSTOMER selected ATS to provide services to implement and carry on the Customer's photo enforcement program, including the provision of certain equipment, processes and back office services;

The attached Exhibits include:

Exhibit A.....SERVICE FEE SCHEDULE

Exhibit B.....SCOPE OF WORK

Exhibit C.....DMV SERVICES SUBSCRIBER AUTHORIZATION

By signing below, the Parties agree to the terms and conditions of this Agreement together with the attached Exhibits. This Agreement contains the complete and exclusive statement of the agreement between the Parties relating to the matters referenced herein and replaces any prior oral or written representations or communications between the Parties. Each individual signing below represents that s/he has the requisite authority to execute this Agreement on behalf of the entity which s/he represents and that all the necessary formalities have been met.

ACKNOWLEDGED AND AGREED TO BY:

AMERICAN TRAFFIC SOLUTIONS, INC.

COUNTY OF XX, TEXAS

By: _____
Adam E. Tuton
Executive Vice President

Date

By: _____
Name/Title

Date

ATTEST:

By: _____
Name/Title Date

This Agreement is effective on the date of execution by the last signatory to this cover page ("Effective Date").

DRAFT

I.	DEFINITIONS.....	3
II.	GENERAL TERMS AND CONDITIONS	4
1.	ATS AGREES TO PROVIDE:	4
2.	CUSTOMER AGREES TO PROVIDE:	4
3.	TERM:	4
4.	ASSIGNMENT:.....	4
5.	FEES AND PAYMENT:.....	4
6.	SITE SELECTION ANALYSIS AND NOTICE TO PROCEED:	4
7.	COMMUNICATION OF INFORMATION:.....	4
8.	CONFIDENTIAL INFORMATION:.....	5
9.	OWNERSHIP:	5
10.	INDEMNIFICATION AND INSURANCE:	5
11.	STATE LAW TO APPLY:	6
12.	DISPUTE RESOLUTION:	7
13.	CHANGE ORDERS:	7
14.	TERMINATION:.....	8
15.	AMENDMENTS TO THE AGREEMENT:	9
16.	LEGAL CONSTRUCTION:.....	9
17.	PRIOR AGREEMENT SUSPENDED:.....	9
18.	NO AGENCY:.....	9
19.	FORCE MAJEURE:	9
20.	TAXES:.....	9
21.	NOTICES:	9
22.	EXCLUSIVITY:.....	10
EXHIBIT A	.....	11
	SERVICE FEE SCHEDULE	11
EXHIBIT B	.....	13
	SCOPE OF WORK	13
1.	ATS SCOPE OF WORK	13
2.	CUSTOMER SCOPE OF WORK.....	14
EXHIBIT C	.....	17
	DMV SERVICES SUBSCRIBER AUTHORIZATION.....	17
EXHIBIT D	.....	18
	NOTICE TO PROCEED	18
EXHIBIT E	.....	19
	MAINTENANCE SCHEDULE.....	19

I. DEFINITIONS

As used in this Agreement, the following words and terms shall, unless the context otherwise requires, have the respective meanings provided below:

1. **"Camera System"** or **"Camera"**: A photo-traffic monitoring device consisting of one (1) camera, strobe, and traffic monitoring device capable of accurately detecting a traffic infraction on up to four (4) contiguous lanes, depending on lane and median widths or any other distance factors, which records such data with one (1) or more images of such vehicle. **"Camera System"** shall, where the context requires, also include any enclosure or cabinet and related appurtenances in which the equipment is stationed. **"Camera System"** may refer to either a Fixed Speed Safety Camera System or a Mobile Speed Safety Camera System, depending on the context.
2. **"Change Order Notice"**: Written notice from Customer requesting changes to the work required to be performed or the addition of products or services to those required by the terms of this Agreement, setting forth in reasonable detail the proposed changes.
3. **"Change Order Proposal"**: A written statement from ATS describing the cost of the changes to the work or addition of products or services requested by Customer in a Change Order Notice.
4. **"Citation"**: A citation or notice of violation or equivalent instrument issued by a competent state, Customer or municipal law enforcement agent or agency or by a court of competent jurisdiction relating to a violation documented or evidenced by Axis.
5. **"Designated Location"** or **"Location"**: Up to two (2) directions of travel on a road or a traffic intersection, including up to four (4) contiguous lanes, depending on lane and median widths or any other distance factors.
6. **"Designated Safety Zone"**: A designated safety zone in which a Camera System may be deployed.
7. **"Fees"**: The amount payable by Customer to ATS for equipment, services, and maintenance as set forth in Exhibit A.
8. **"Fixed Speed Safety Camera System"**: A Camera System installed in a Designated Safety Zone.
9. **"Help-Line Business Hours"**: Eight (8) hours per day, Monday through Friday, excluding weekends and holidays.
10. **"Mobile Speed Safety Camera System"**: A Camera System installed in an ATS-provided vehicle, trailer, or other mobile or portable solution.
11. **"Notice to Proceed"**: Written confirmation from Customer that ATS may proceed with the installation of a given Fixed Speed Safety Camera System or the equipping of a Mobile Speed Safety Camera System.
12. **"Owner"**: The owner(s) of a motor vehicle as shown by the motor vehicle registration records of the motor vehicle department or the analogous agency of another state or country.
13. **"Person"** or **"Persons"**: Any individual, partnership, joint venture, corporation, trust, unincorporated association, governmental authority or political subdivision thereof or any other form of entity.
14. **"Project Time Line"**: The initial schedule and timelines required to begin the implementation of Customer's project, as mutually agreed upon by the Parties.

15. **"Start Date"**: The first day of the month following the date on which the first Citation is issued from the last camera installed under this Agreement, notwithstanding any Change Order Notices.

16. **"Violation"**: A failure to obey an applicable traffic law or regulation, including, without limitation, operating a motor vehicle in excess of the posted speed limit.

II. GENERAL TERMS AND CONDITIONS

1. ATS AGREES TO PROVIDE:

The scope of work identified in Section 1 of Exhibit B.

2. CUSTOMER AGREES TO PROVIDE:

The scope of work identified in Section 2 of Exhibit B.

3. TERM:

This Agreement shall commence upon the Effective Date and shall continue for a term of ten (10) years beginning on the first day of the month following the first issued Citation from the last installed Camera System in the first set of approved Camera Systems to be installed ("the Start Date"). This Agreement will automatically extend for subsequent five (5) year terms. However, Customer or ATS may terminate this Agreement at the expiration of any term by providing written notice of its intent not to extend the Agreement at least one hundred twenty (120) days prior to the expiration of the then-current term.

4. 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. However, for business financing purposes, ATS may sell, assign, transfer or convey any interest in this Agreement in whole or in part without the written consent of the Customer.

5. FEES AND PAYMENT:

Customer shall pay for all equipment, services and maintenance based on the fee schedule ("Fees") indicated in the Exhibit A, Service Fee Schedule.

5.1 ATS shall establish a dedicated bank account ("the Dedicated Account") into which revenue from violations shall be deposited. ATS shall withdraw and retain its Monthly Service Fees from the Dedicated Account. ATS shall pay the Customer, no later than the 20th day of each month, the Customer's share of the revenue from the preceding month from the Dedicated Account. Each month ATS will provide the Customer an accounting of the preceding month's collections and Service Fees.

5.2 ATS' Fees will be fixed for the first two (2) calendar years, or any portion thereof, of the first term; thereafter, ATS' Fees will increase in January of each year by the greater of (a) two percent (2%) or (b) the percentage change in the Consumer Price Index for All Urban Consumers ("CPI-U"), US City Average over the previous twelve-month period.

6. SITE SELECTION ANALYSIS AND NOTICE TO PROCEED:

Prior to implementing the Axis System, ATS may conduct an analysis of each site being considered for a Camera System. For any site recommended by the Customer, ATS will only install a Camera System if a site selection analysis concludes an installation is feasible. ATS makes no representations or warranties that any violation rate estimates will be predictive of actual future traffic violation rates.

Execution of this Agreement shall serve as the Customer's Notice to Proceed as set forth in Exhibit D. During the term of this Agreement, Customer may provide ATS with further written Notices to Proceed for additional Camera Systems as mutually agreeable without the need to amend this Agreement.

7. COMMUNICATION OF INFORMATION:

ATS will comply with reasonable requests for information obtained by ATS through operation of the Axis System for a fee based on the scope of the request.

8. CONFIDENTIAL INFORMATION:

No information given by ATS to Customer will be of a confidential nature, unless specifically designated in writing as proprietary and confidential by ATS. However, nothing in this paragraph shall be construed contrary to the terms and provisions of any "Open Records Act" or similar laws, insofar as they may be applicable.

9. OWNERSHIP:

It is understood by the Customer that the Camera System(s) being installed by ATS are, and shall remain, the sole property of ATS, unless separately procured from ATS through a lease or purchase transaction. The software, workflow processes, user interface, designs, know-how, and other technologies provided by ATS as part of the Service are the proprietary property of ATS, and all right, title and interest in and to such items, including all associated intellectual property rights, remain only with ATS. ATS reserves all rights unless expressly granted in this agreement.

If ATS provides a vehicle(s) for Customer's use, unless specified otherwise in this Agreement, ATS shall retain ownership of the vehicle(s); however Customer shall be responsible for all expenses relating to the vehicle, such as insurance and maintenance of the vehicle(s), but not including taxes and title. Customer shall only use the vehicle(s) for the purposes contemplated by this Agreement, which is to enforce traffic violations. The Camera System(s), and vehicle(s) if applicable, are being provided to Customer only under the terms and for the term of this Agreement.

If ATS provides a vehicle(s) for Customer's use, ATS may select the make and model of the vehicle(s) from ATS' then-current list of supported vehicles. If Customer opts to provide its own vehicle(s), the make and model of the vehicle(s) must be listed on ATS' then-current list of supported vehicles.

10. INDEMNIFICATION AND INSURANCE:

10.1 Indemnification by ATS. Subject to Section 10.3, ATS agrees to indemnify the Customer and its managers, officers, directors, employees, agents, representatives and successors (individually a "Customer Party" and collectively, the "Customer Parties") against all liabilities, obligations, losses, damages, penalties and judgments (collectively, "Losses"), which may be imposed on or incurred by any Customer Party arising out of or related to the gross negligence or willful misconduct of ATS, 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 gross negligence or willful misconduct of any Customer Party.

10.2 Indemnification by Customer. Subject to Section 10.3, the Customer hereby agrees to indemnify ATS 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 (individually an "ATS Party" and collectively, the "ATS Parties") against any and all Losses which may be imposed on or incurred by any ATS Party arising out of or related to the operation of a vehicle by the Customer, its employees, contractors or agents, or negligence or willful misconduct of the Customer, its employees, contractors or agents which result in death or bodily injury to any natural person (including third parties) or any damage to any real or tangible personal property (including the personal property of third parties), except (i) to the extent caused by the gross negligence or willful misconduct of ATS; (ii) any claim, action or demand (a "Claim") not caused by ATS' failure to perform its obligations under this Agreement; (iii) any Claim challenging the Customer's use of the Axis System, or any portion thereof; (iv) any Claim challenging the validity of the results of the Customer's use of the Axis System, or any portion thereof; or (v) any Claim challenging the validity of the Citations issued, prosecuted and collected as a result of the Customer's use of the Axis System, or any portion thereof.

10.3 Indemnification Procedures. In the event of any Claim in respect of which any Party hereto seeks indemnification from the other, the Party seeking indemnification (the "Indemnified Party") shall give the Party from whom indemnification is sought (the "Indemnifying Party") written notice of such Claim promptly after the Indemnified Party first becomes aware thereof; provided, however, that failure to give

such notice shall not preclude indemnification with respect to such Claim except to the extent of any additional or increased Losses or other actual prejudice directly caused by such failure. The Indemnifying Party 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 shall not be unreasonably withheld or delayed.

10.4 Insurance. ATS shall maintain the following minimum scope and limits of insurance:

10.4.1 Commercial General Liability Insurance including coverage for bodily injury, property damage, premises and operations, products/completed operations, personal and advertising injury, and contractual liability with a combined single limit of \$1,000,000 per occurrence, \$2,000,000 general aggregate, and \$2,000,000 completed operations aggregate.

10.4.2 Workers' Compensation as required by applicable state law and Employer's Liability Insurance with limits of not less than \$1,000,000 each accident. ATS shall at all times maintain Worker's Compensation insurance coverage in the amounts required by law, but shall not be required to provide such coverage for any actual or statutory employee of Customer.

10.4.3 Comprehensive Business Automobile Liability Insurance for all owned, non-owned and hired automobiles and other vehicles used by ATS with a minimum \$1,000,000 per occurrence combined single limit bodily injury and property damage.

10.4.4 Professional Liability Coverage with a minimum \$1,000,000 per occurrence.

10.4.5 Customer and its officers and employees, shall be named as additional insured on the comprehensive general liability policies provided by ATS under this Agreement. ATS shall require any subcontractors doing work under this Agreement to provide and maintain the same insurance, which insurance shall also name the Customer and its officers, employees, and authorized volunteers as additional insureds.

10.4.6 Certificates showing ATS is carrying the above described insurance, and evidencing the additional insured status specified above, shall be furnished to the Customer within thirty (30) calendar days after the Effective Date of this Agreement. Such certificates shall show that the Customer will be notified in accordance with the policy language relating to cancellations of such insurance policies. ATS shall forthwith obtain substitute insurance in the event of a cancellation.

10.5 Customer shall be responsible for vehicle insurance coverage for the vehicle and all installed equipment, on any vehicles driven by Customer employees or contractors. Coverage will include liability and collision damage and shall provide 100% coverage. Additionally, Customer shall maintain: Worker's Compensation coverage as required by applicable state law; Employer's Liability Insurance; and Commercial General Liability insurance including coverage for bodily injury, property damage, premises and operations, products/completed operations, personal and advertising injury, and contractual liability. Customer will provide certificates of insurance, listing ATS as additional insured. If Customer fails to meet the above insurance requirements, ATS reserves the right to procure such insurance and bill the Customer.

10.6 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. ATS' liability for damages arising out of or related to this Agreement (whether in contract, tort or otherwise) shall not exceed the actual amount paid by Customer to ATS within the twelve (12) months preceding the claim.

11. STATE LAW TO APPLY:

This Agreement shall be construed under and in accordance with the laws of the State of Texas.

12. DISPUTE RESOLUTION:

All disputes arising out of or in connection with the Agreement shall be attempted to be settled through good-faith efforts between senior management of both Parties. Following thirty (30) days of unsuccessful negotiation, a dispute may be submitted to professionally-assisted mediation. Before a demand for mediation may be filed by either Party, the management of both Parties shall have met at least two times in face-to-face meetings in an effort to resolve any dispute or controversy through normal business management practices. Unless otherwise agreed to in writing, a minimum of one meeting shall take place at each Party's home office location. Any mediator so designated must be acceptable to each Party. The mediation will be conducted as specified by the mediator and agreed upon by the Parties. The Parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the dispute. The mediation will be treated as a settlement discussion and therefore will be confidential. The mediator may not testify for either Party in any later proceeding relating to the dispute. No recording or transcript shall be made of the mediation proceedings. Each Party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the Parties.

12.1 Failing resolution through negotiation or mediation, any remaining dispute shall be submitted to binding arbitration in accordance with the Arbitration Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association ("AAA Rules") before a single arbitrator. The place of arbitration will be mutually agreed upon within fourteen (14) days of a decision to seek arbitration. Limited discovery will be permitted in connection with the arbitration upon agreement of the Parties and upon a showing of substantial need by the Party seeking discovery.

12.2 The arbitrator's decision shall follow the plain and natural meaning of the relevant documents, and shall be final and binding. The arbitrator will have no power to award:

- (i) damages inconsistent with the Agreement; or
- (ii) punitive damages or any other damages not measured by the prevailing Party's actual damages, and the Parties expressly waive their right to obtain such damages in arbitration or in any other forum.

12.3 All aspects of the arbitration will be confidential. Neither the Parties nor the arbitrator may disclose the existence, content or results of the arbitration, except as necessary to comply with legal or regulatory requirements.

12.4 Each Party will promptly pay its share of all arbitration fees and costs, provided that such fees and costs shall be recoverable by the prevailing Party as determined by the arbitrator. If a Party fails to pay such share promptly upon demand, the arbitrator shall, upon written request by the other Party, enter a final and binding decision against the nonpaying Party for the full amount of such share, together with an award of attorney's fees and costs incurred by the other Party in obtaining such decision, which decision may be entered in any court of competent jurisdiction. Except for the failure of a Party to pay arbitration fees and costs that requires resort to the arbitrator to order such payment, the Parties will bear their own attorneys' fees in any matter or dispute under this Agreement.

13. CHANGE ORDERS:

The Customer may request the addition of any products or services that ATS provides or other changes to the scope of work to be performed under this Agreement by providing a Change Order Notice to ATS. Upon ATS' receipt of the Change Order Notice, ATS shall deliver a written statement describing the cost including time and materials, to the Customer (the "Change Order Proposal"). Following the Customer's receipt of the Change Order Proposal, the Parties shall negotiate in good faith regarding a plan and schedule for implementation of the proposed changes; the time, manner and amount of payment or price increases and any other matters relating to the proposed changes. In the event that any proposed change involves only the addition of equipment or services as currently included in Exhibit A of this Agreement, to the maximum extent applicable, the pricing terms set forth in Exhibit A 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 12 ("Dispute Resolution") of this Agreement. Such Change Order shall not

invalidate the procurement process or this Agreement nor relieve or release ATS or the Customer of any of its obligations under this Agreement. Any Change Order Proposal mutually agreed to by the Parties shall be incorporated as an addendum to this Agreement.

14. TERMINATION:

14.1 ATS' services may be terminated:

- (i) By mutual written consent of the Parties; or
- (ii) For Cause, by either Party where the other Party fails in any material way to perform its obligations under this Agreement. Termination under this subsection for any reason is subject to the condition that the terminating Party notifies the other Party of its intent to terminate, stating with reasonable specificity the grounds therefore, and the other Party fails to cure the default within forty-five (45) days after receiving written notice.
- (iii) In the event of Termination by ATS under this subsection for breach by Customer, Customer shall pay ATS an early termination fee based on a price of \$120,000 for each Fixed Speed Safety Camera System, amortized over sixty (60) months on a straight-line basis. The amortization schedule for said costs shall be reduced by 1/60th for each month each Camera System is installed. Said another way, for every month a camera is installed, \$2,000 will be subtracted from the total \$120,000 early termination fee for each Camera System. Example: Customer signs Agreement in March of year 1 and installs one (1) Camera System that same month. ATS terminates the Agreement for breach by Customer in January of year 5. Fifty-eight (58) of the sixty (60) months having been depreciated, Customer would owe ATS \$4,000 (\$2,000 x 2) for the early termination fee.
- (iv) In the event of Termination by ATS under this subsection for breach by Customer, Customer shall pay ATS an early termination fee based on the remaining unamortized costs associated with the Mobile Speed Safety Camera System.

14.2 Customer recognizes the substantial upfront costs ATS will incur to install Camera Systems. Customer therefore agrees that any Camera Systems that Customer authorizes through a Notice to Proceed shall remain installed and operational for the duration of the term, unless otherwise mutually agreed. ATS will bill a restocking or standby fee for any upfront costs associated with the Camera System(s), vehicle(s), or other equipment in the event Customer terminates or suspends a Notice to Proceed.

14.3 Upon termination of this Agreement, either for cause, except for termination by ATS for non-payment, or because it has reached the end of its term, the Parties recognize that the Customer will have to process Violations in the "pipeline", and that ATS accordingly must assist the Customer in this regard. Accordingly, the Parties shall take the following actions and shall have the following obligations, which survive termination during the wind-down period:

- (i) Customer shall cease using the Axis System to capture Violations.
- (ii) Unless it is unlawful to do so, ATS shall, for a period of ninety (90) days, continue to process all images taken by the Customer before termination and provide all services associated with processing in accordance with this Agreement.
- (iii) ATS shall be entitled to continue to receive its portion of revenues from paid citations for as long as revenue continues to be paid.
- (iv) Customer shall return or allow ATS to recover any provided equipment within a reasonable time not to exceed ninety (90) days.
- (v) If ATS recovers the provided equipment, ATS shall withdraw any removal costs from the Dedicated Account or may invoice the Customer for such costs.

15. AMENDMENTS TO THE AGREEMENT:

The Parties may consider it in their best interest to modify or extend terms, conditions or covenants of this Agreement; require modifications in the Scope of Services to be performed; or request the performance of additional services (such as, but not limited to, red light photo enforcement, and/or school bus stop-arm enforcement) regardless of and without invalidating the process that was used to procure the services enumerated under this Agreement. If modifications result in additional costs to Customer, ATS will provide a written estimate of such. Any such addition, extension or modification, including any increase in the amount of ATS' compensation, which are mutually agreed upon by and between the Customer and ATS shall be incorporated in written amendments (herein "Amendments") to this Agreement. In the event that any proposed change involves only the addition of new sites to be covered by the terms of this Agreement, to the maximum extent applicable, the pricing terms set forth in Exhibit A shall govern. Such Amendments shall not invalidate the procurement process or this Agreement nor relieve or release ATS or the Customer of any of its obligations under this Agreement unless stated therein.

16. LEGAL CONSTRUCTION:

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein. This Agreement shall be enforced to the maximum extent possible so as to give effect to the intent of the Parties and shall be reformed without further action by the Parties to the extent necessary to make such provision valid and enforceable herein.

17. PRIOR AGREEMENT SUSPENDED:

This Agreement constitutes the sole and only agreement of the Parties and supersedes any prior understanding, written or oral, between the Parties respecting the written subject matter.

18. NO AGENCY:

ATS is an independent contractor providing services to the Customer and the employees, agents and servants of ATS shall in no event be considered to be the employees, agents or servants of the Customer. This Agreement is not intended to create an agency relationship between ATS and Customer.

19. 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 unusually severe weather. The Party whose performance is affected agrees to notify the other promptly of the existence and nature of any delay.

20. TAXES:

At the time of execution of this Agreement, it is the understanding of the Parties that ATS' services provided hereunder are not subject to federal, state or local taxes including but not limited to excise, sales, use, property or similar taxes or charges. Customer agrees to reimburse ATS for any such tax or charge if charged against ATS. If incurred, such taxes or charges may be invoiced at any time.

21. NOTICES:

Any notices or demand which, under the terms of this Agreement or under any statute, must or may be given or made by ATS or Customer shall be in writing and shall be given or made by personal service, telegram, first class mail, FedEx, or by certified or registered mail to the Parties at the following address:

_____, XX, Texas

Attn: _____

American Traffic Solutions, Inc.
1330 West Southern Avenue
Tempe, Arizona 85282
Attn: Legal Department

22. EXCLUSIVITY:

Customer agrees that upon execution of this Agreement Customer may not utilize another vendor, other than ATS, for automated traffic camera enforcement of traffic violations, or otherwise use another vendor's Camera Systems to enforce traffic violations, within the jurisdiction of the Customer without prior written consent from ATS through an amendment to this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
EXHIBITS FOLLOW]

DRAFT

EXHIBIT A SERVICE FEE
SCHEDULE

1.0 Description of Pricing

Type	Description	Pricing
1.A Mobile Speed Safety Camera Systems (Vehicle-based or Mobile Trailer) – the parties shall mutually agree on the number of units to be deployed	Monthly Service Fee - Includes AutoPatrol™ Vehicle-Based Speed Safety Camera System, warranty for product failure not caused by human error, violation processing services, mailing of 1st notice in monochrome with return envelope, mailing of second notice-text only (if needed), lockbox payment processing services web-payments access with user convenience fee charged to violator, call center support for general program questions and standard report set.	\$50.00 per paid citation or 40% of collected revenue, whichever is greater*
	Stand-by Fee - The Customer shall provide staffing for the vehicle and deploy each unit for a twelve calendar-month average of at least 160 hours per month, unless Customer opts for ATS to perform this function. If the average number of monthly deployment hours for any given site, during a twelve calendar-month period, falls below 160 hours, ATS will charge the Customer a Stand-by Fee.	\$50.00 per hour for any deficit below 160 hours per month
	ATS Staffing Fee (up to 160 hours per month) - If Customer elects to have ATS provide staffing to man the vehicle, ATS shall be entitled to a Staffing Fee per camera per month in addition to its Monthly Service Fee. The Staffing Fee covers deployment of up to 160 hours per month. ATS shall have sole control over its employees, including selection and employment decisions.	\$5,800 per camera per month
	Additional Staffing Fee (for any hours over 160 hours in a month) - ATS shall have sole control over its employees, including selection and employment decisions.	\$50 per hour
	Warning Period Service Fee - Customer staffed vehicles (first month of program only)	\$2,900 per camera per month, plus \$2 per issued notice
	Warning Period Service Fee - ATS staffed vehicles (first month of program only)	\$8,700 per camera per month, plus \$2 per issued notice
1.B Fixed Speed Safety Camera System – the parties shall mutually agree on the number of units to be installed	Monthly Service Fee – Includes Fixed Speed Camera equipment for up to four lanes (depending on lane and median widths or any other distance factors), installation, maintenance, violation processing services, DMV records access, first class mailing of first notice in color, first class mailing of second notice in black and white, lockbox and e-payment processing services, call center support for general program questions and public awareness program support.	\$50.00 per paid citation or 40% of collected revenue, whichever is greater*
	Warning Period Service Fee (first month of program only)	\$2,900 per camera per month, plus \$2 per issued notice
1.C Mailing Fees	Subsequent notices (Fixed and/or Mobile Camera Systems) – Any additional notices sent by First Class Mail required by the Customer or required by law	\$2 per notice

* Fee Per Paid Citation – Limitations. This pricing option shall not apply and the Customer agrees to pay instead a fixed monthly fee of \$7,500 per Camera System per month, plus 40% per paid citation, if: (1) the Customer elects not to pursue collections on unpaid Violations; (2) the Customer waives and/or fails to timely process more than ten percent (10%) of valid Violations forwarded to the Law Enforcement Agency for acceptance according to the business rules agreed to by the Customer prior to the start of the program; (3) the Customer raises the speed threshold to a factor above 7 mph during pick-up and drop-off times if in a school zone or over 10 miles per hour in all other locations and at all other times; or (4) the Customer does not institute a registration hold for violators who are liable and do not pay.

2.0 **Collection Services:**

ATS may, through a third party collections agency, initiate collection efforts of delinquent notices upon written request by Customer, so long as collection of said recovered revenue amounts does not conflict with State Law. ATS will be entitled to receive portions of the collected revenue as noted below. The maximum is 30% total for both pre-collection and collection. For those accounts in default that go to collection, this is in addition to our Fees noted above.

Pre-Collection Letters	10% of Recovered Revenue
Delinquent Collections Services	30% of Recovered Revenue

In the event that Customer elects to have ATS provide collections services, Customer shall so notify ATS in writing. Customer agrees that, once ATS' collections services are elected, Customer may not utilize another vendor for these collections services without prior written consent from ATS through an amendment to this Agreement.

3.0 **Optional Annual Training Conference:** ATS provides a comprehensive user training conference (the "Conference") for active photo traffic safety and enforcement clients. The Conference's main focus is training of the system. Core elements include training on implementation methods and improvements, operational monitoring and improvements, statistical analysis, public relations and technology assessment. The sessions include participation by industry members, industry speakers and panel discussions. The Conference will be held in the Phoenix Metropolitan area. Customer shall be invoiced \$100 per month per attendee and can assign up to three (3) project team members ("Attendees") to attend the Conference each year. The \$1,200 fee per Attendee will cover travel, accommodations and all related Conference fees.

Check to select the number of Attendees:

- | | |
|--|---|
| <input type="checkbox"/> Three Attendees | <input type="checkbox"/> One Attendee |
| <input type="checkbox"/> Two Attendees | <input type="checkbox"/> None; Customer opts not to attend the Annual Training Conference |

4.0 **Enhanced Public Relations Services:** ATS may provide additional public relations services upon written request by Customer. These services may include advertising, media relations, and public relations consultants. The fee for such services shall be mutually agreed upon based on the scope of the public relations services to be provided.

5.0 **Banking Fees:** ATS may provide lockbox, e-payment, or other financial services.

EXHIBIT B SCOPE OF WORK

1. ATS SCOPE OF WORK

1.1 ATS IMPLEMENTATION

1.1.1 Customer will enforce speed violations using ATS Camera System(s) at a number of locations in Designated Safety Zones to be mutually agreed upon between ATS and the Customer after completion of speed Site Selection Analysis.

1.1.2 ATS' in-house Communications Department will assist the Customer with public information content and outreach campaign strategies. Depending upon the mutually agreed-upon strategy, ATS may provide public relations consultants, advertising, or media relations for an additional fee as described in Exhibit A, Service Fee Schedule.

1.1.3 ATS agrees to provide a secure website (www.violationinfo.com) accessible to Owners who have received Notices of Violation by means of a Notice # and PIN, which will allow Violation image and video viewing. As part of the secure website, ATS will provide a Frequently Asked Questions (F.A.Q.) page. ATS will operate this secure website on a 24-hour basis, barring downtime for maintenance, normal servicing activities, or other unforeseen instances (i.e., acts of God, etc.).

1.1.4 ATS will establish a dedicated demand deposit account for lockbox or e-payment services.

1.1.5 ATS is authorized to charge, collect and retain a convenience fee of up to 5% for each electronic payment processed. Such fee is paid by the violator.

1.1.6 ATS agrees to provide necessary training for persons designated by the Customer to operate the equipment and the Axis system. Such training may be conducted in-person or remotely by electronic means.

1.2 ATS OPERATIONS

1.2.1 If a warning period is required, ATS shall provide the Customer with a one-time warning period up to thirty (30) days in length following the installation and activation of the first installed Camera System. Customer shall be charged a reduced fee, as set forth in Exhibit A, for the warning period; however for any warning period exceeding thirty (30) days, the Customer shall be responsible for the normal monthly Service Fee.

1.2.2 ATS shall provide the Customer with an automated web-based Citation processing system (Axis) including image processing, first notice printing and mailing of Citation or notice of violation per chargeable event. Each Citation or notice of violation shall be delivered by First Class mail to the Owner within the statutory period. In the case of a transfer of liability by the Owner, ATS may also mail a Citation or notice of violation to the driver identified in the affidavit of non-liability or by rental car companies.

1.2.3 Subsequent notices, other than those specified in subsection 1.2.2 may be delivered by First Class or other mail means for additional compensation to ATS as set forth in Exhibit A.

1.2.4 ATS shall apply an electronic signature to the Citation when authorized to do so by an approving law enforcement officer.

1.2.5 ATS shall seek records from out-of-state vehicle registration databases and use such records to issue Notices of Violation for the Customer according to each pricing option. ATS assumes this responsibility as a named Customer's agent by signing of DMV Services Subscriber Authorization found in Exhibit C of this Agreement. ATS reserves the right to mail Notices of Violation to the address of the Owner obtained through the DMV, obtained through the National Change of Address (NCOA) database provided by the United States Postal Service, or obtained through other means including but not limited to skip tracing. ATS reserves the right to charge Customer for out-of-state DMV look-ups.

1.2.6 If Customer is unable to or does not desire to integrate ATS data to its adjudication system, ATS shall provide one on-line adjudication processing module, which will enable the adjudication function to review cases, related images, and other related information required to adjudicate the disputed Violation. The system will also enable the Court staff to accept and account for payments. Any costs charged by a third party vendor related to the provision of ATS data to the adjudication system are the responsibility of the Customer.

1.2.7 The Axis System shall provide the Customer with the ability to run and print standard system reports. For any reports not readily available from the Axis System, ATS shall provide a cost estimate to the Customer for providing such services.

1.2.8 During the twelve (12) month period following the delivery of an operational Camera System to the Customer, upon ATS' receipt of a written request from the Customer at least fourteen (14) calendar days in advance of a court proceeding, and if required by the Court or prosecutor, ATS shall provide the Customer with or train a local expert witness to testify in Court on matters relating to the accuracy, technical operations, and effectiveness of the Axis System until judicial notice is taken. Customer shall use its best efforts to obtain judicial notice as soon as possible. If an ATS expert witness is required more than two (2) times during the twelve (12) month period, Customer shall reimburse ATS for any reasonable time and travel costs incurred for the additional dates.

1.2.9 ATS will repair or replace, as necessary, all Camera Systems and Mobile Speed Safety Camera Systems in a commercially reasonable timeframe. Customer shall reimburse ATS for the cost of repair for any damage to the Camera System(s), vehicle(s), or other ATS-owned property except to the extent the damage is caused by negligence or recklessness on the part of ATS or its employees or for general warranty issues.

1.2.10 ATS shall provide a help-line to assist the Customer with resolving any problems encountered regarding its Camera System and/or Citation processing. The help-line shall function during normal Help-Line Business Hours.

1.2.11 As part of its Camera System, ATS shall provide violators with the ability to view Violations online. This online viewing system shall include a link to the ATS payment website(s) and may offer the opportunity to download an affidavit of non-liability online. Online obtained affidavits, if approved by the Court, may be directed to and processed by ATS and communicated to the Court via the Axis transfer described above.

2. CUSTOMER SCOPE OF WORK

2.1 GENERAL IMPLEMENTATION REQUIREMENTS

2.1.1 If Customer provides staffing to man the vehicle(s) provided by ATS, Customer shall be responsible for insuring the vehicle(s) in accordance with Section 10.4.6 of the Agreement and shall be responsible for all maintenance of the vehicle during the term of this Agreement in accordance with manufacturer's recommendations. Customer shall only use the vehicle for its intended purpose as contemplated under this Agreement. This section 2.1.1 shall not apply if ATS provides the staffing for manning the vehicle.

2.1.2 For any manned Camera System, Customer shall provide the proper staffing and shall be responsible for all compensation and benefits of the individual(s) manning the Camera System, unless otherwise mutually agreed by the parties. Customer will ensure that DMV reports are obtained and reviewed for any Customer employee who will be driving a vehicle. Customer's employees shall comply with all state and local motor vehicle laws and ordinances and will comply with ATS' motor vehicle policy, entitled Driver and Fleet Motor Vehicle Safety Program.

2.1.3 Within seven (7) business days of the Effective Date of this Agreement the Customer shall provide ATS with the name, title, mailing address, email address and phone number of:

- a project manager with authority to coordinate Customer responsibilities under this Agreement

- Municipal Court manager responsible for oversight of all Court-related program requirements
- The Law Enforcement contact
- The Court contact
- The person responsible for overseeing payments by violators
- The Prosecuting Attorney
- Customer's Attorney
- The Finance contact
- The IT person for the Law Enforcement Agency
- The IT person for the courts
- The Public Works and/or Engineering contact responsible for issuing any/all permits for construction

2.1.4 Customer and ATS shall complete the Project Time Line within thirty (30) calendar days of the Effective Date of this Agreement, unless mutually agreed to otherwise by the Parties. Customer shall make every effort to adhere to the Project Time Line.

2.1.5 Customer shall provide the specific text required to be placed on the Citation or notice of violation to be issued by ATS within thirty (30) days of the Effective Date of this Agreement.

2.1.6 Customer shall approve the Citation form within fifteen (15) days of receipt from ATS. ATS reserves the right to make non-substantive formatting or incidental changes to the Citation without approval by Customer.

2.1.7 Customer shall direct the Law Enforcement Agency or approved alternate to execute the ATS DMV Services Subscriber Authorization (Exhibit C) to provide verification to the State Department of Motor Vehicles, National Law Enforcement Telecommunications System, or appropriate authority indicating that ATS is acting on behalf of the Customer for the purposes of accessing vehicle ownership data pursuant to the list of permissible uses delineated in the Drivers Privacy Protection Act 18 U.S.C. 2721, Section (b) (1) and as may otherwise be provided or required by any provision of applicable state law.

2.1.8 Customer is responsible for notifying ATS of any local ordinance changes in writing within forty-eight (48) hours of the first read of the proposed legislation. ATS will not be responsible for any damages if not notified within the required time.

2.1.9 Customer is responsible for all jurisdictional issues.

2.1.10 Once a Notice to Proceed is granted to ATS in writing or by email, the Customer shall not issue a stop work order to suspend activity on the implementation process unless Customer reimburses ATS for costs incurred up to the date the stop work order is issued.

2.1.11 If applicable, Customer shall be responsible for moving any portable camera systems from one location to another and Customer will provide operators to man any camera system mounted in a vehicle. Customer will add the vehicle and the equipment contained therein to its fleet insurance and general liability policies.

2.1.12 Customer will be responsible for fuel as well as routine maintenance (such as oil changes, tire replacement, etc.) of any vehicle in which a camera system is installed in accordance with the Maintenance Schedule set forth in Exhibit E.

2.1.13 Customer shall provide a judge or hearing officer and court facilities to schedule and hear disputed Citations.

2.1.14 Customer shall handle inbound and outbound phone calls and correspondence from defendants who have questions about disputes and other issues relating to Citation adjudication. Customer may refer citizens with questions regarding ATS or Axis technology and processes to websites and/or toll free telephone numbers provided by ATS for that purpose.

2.1.15 Within ten (10) days after expiration of a second notice, Customer shall pursue delinquent collections of unpaid notices with an existing contractor or ATS.

2.1.16 Any potential, one time, direct costs to ATS to develop an interface between the Court system will be initially paid by ATS and any such cost will be reimbursed to ATS from collected revenues in addition to the Fees in Exhibit A, Service Fee Schedule 1.

2.2 INFORMATION TECHNOLOGY DEPARTMENT OPERATIONS

In the event that remote access to the ATS Axis System is blocked by Customer network security infrastructure, the Customer's Department of Information Technology shall coordinate with ATS to facilitate appropriate communications while maintaining required security measures.

DRAFT

EXHIBIT C
DMV SERVICES SUBSCRIBER AUTHORIZATION

Agency ORI: _____

DATE

NLETS
1918 W. Whispering Wind Dr.
Phoenix, AZ 85085

Attn: Steven E. Correll, Executive Director

Re: Authorization for American Traffic Solutions, Inc. to Perform MVD Inquiry

Dear Mr. Correll:

Please accept this letter of acknowledgement that an Agreement to perform automated enforcement between _____ and American Traffic Solutions, Inc. is or will be enacted and will be or is in force. As a requirement of and in performance of that Agreement between _____ American Traffic Solutions, Inc., it will be necessary for American Traffic Solutions, Inc. to access NLETS motor vehicle data.

Please accept this letter as authorization from _____ for American Traffic Solutions, Inc. to run motor vehicle inquiries. This authorization is and will be in effect for the term of our Agreement with NLETS and any subsequent renewals.

This authorization will automatically expire upon the termination of the Agreement between _____ and American Traffic Solutions, Inc., and, such authorization is limited to violations detected by the automated enforcement camera systems. By completing the information below and signing this letter, I am stating that I am a member of the _____ and have the authority to empower American Traffic Solutions, Inc. to use ORI AGENCY ORI for this function.

SUBSCRIBER INFORMATION

Subscriber Agency/Name _____

NLETS Agency ORI _____

Name/Title of Authorized Representative _____

Mailing Address _____

Telephone _____

Fax _____

Email _____

Signature of Authorized Representative _____

Date Signed _____

**Exhibit D Notice
to Proceed**

Fixed Speed Safety Camera Systems:

Execution of this Agreement shall serve as the Customer's Notice to Proceed (NTP) for the following list of site locations for camera installations, provided by Customer, which have been analyzed based on traffic volumes, road geometry, and, if required, existing infrastructure and are believed to be locations at which speed safety cameras would increase public safety. This NTP memorializes the mutual agreement of the parties to the installation of camera systems at these sites and will allow ATS to move forward with the Design, Permitting, Construction, and Installation Phases at these sites.

Direction/ Position	Street	Cross Street (if applicable)

Mobile Speed Safety Camera Systems:

Execution of this Agreement shall serve as the Customer's NTP for ATS to equip XX vehicles, to be provided by ATS, and to be deployed at the following list of site locations, provided by Customer, which have been analyzed based on traffic volumes, road geometry, and, if required, existing infrastructure and are believed to be locations at which speed safety cameras would increase public safety. This NTP memorializes the mutual agreement of the parties to the installation of camera systems in the vehicles and preparation for deployment at the following sites.

Exhibit E Maintenance Schedule

1. Vehicle Maintenance – the Party responsible for maintenance shall:
 - 1.2. Complete a Daily Vehicle Inspection Checklist for the daily routine on all vehicles. See below.
 - 1.3. 30 days: Perform oil changes
 - 1.4. 90 days: Rotate tires
 - 1.5. 180 days or sooner, if required: Change air filter
 - 1.6. Annual: Transmission service
 - 1.7. As required: Any service required or recommended beyond the above must be approved by ATS in advance.
 - 1.8. Documentation is required on all services and must be kept for the term of the agreement.
2. Battery life
 - 2.2. Vehicle manned: Idling vehicle keeps batteries charged.
 - 2.3. Vehicle unmanned: 1 hour drive time supports 8 hours of service time. Recharge requires 8 hours if drive time is insufficient.



Daily Vehicle Inspection Checklist

Operator's name

Vehicle number

Inspection date

Time of inspection

☐ AM ☐ PM

Vehicle Mileage at start of shift

Vehicle Mileage at end of shift

Vehicle Cab/Chassis

Good

Bad

Note Any Deficiencies in the Columns Below

	Good	Bad	Note Any Deficiencies in the Columns Below
Operators Manual (*1)	<input type="checkbox"/>	<input type="checkbox"/>	
Glass	<input type="checkbox"/>	<input type="checkbox"/>	
Windshield Wipers	<input type="checkbox"/>	<input type="checkbox"/>	
Wiper blades	<input type="checkbox"/>	<input type="checkbox"/>	
Turn signals	<input type="checkbox"/>	<input type="checkbox"/>	
Brake lights	<input type="checkbox"/>	<input type="checkbox"/>	
Marker lights	<input type="checkbox"/>	<input type="checkbox"/>	
Reverse lights	<input type="checkbox"/>	<input type="checkbox"/>	
Back up alarm	<input type="checkbox"/>	<input type="checkbox"/>	
Parking Brake	<input type="checkbox"/>	<input type="checkbox"/>	
Gauges	<input type="checkbox"/>	<input type="checkbox"/>	
Steering	<input type="checkbox"/>	<input type="checkbox"/>	
Seat Belts	<input type="checkbox"/>	<input type="checkbox"/>	
Horn	<input type="checkbox"/>	<input type="checkbox"/>	

Doors & door locks	<input type="checkbox"/>	<input type="checkbox"/>	
Rearview mirrors	<input type="checkbox"/>	<input type="checkbox"/>	
Clutch & Gear shift	<input type="checkbox"/>	<input type="checkbox"/>	
Windshield/Glass	<input type="checkbox"/>	<input type="checkbox"/>	
Tires	<input type="checkbox"/>	<input type="checkbox"/>	

Vehicle Under Hood			
Engine Oil Level	<input type="checkbox"/>	<input type="checkbox"/>	
Transmission Fluid level	<input type="checkbox"/>	<input type="checkbox"/>	
Coolant level	<input type="checkbox"/>	<input type="checkbox"/>	
Brake Fluid Level	<input type="checkbox"/>	<input type="checkbox"/>	
Power Steering fluid level	<input type="checkbox"/>	<input type="checkbox"/>	
Windshield Washer level	<input type="checkbox"/>	<input type="checkbox"/>	
Battery	<input type="checkbox"/>	<input type="checkbox"/>	

By Signing below I acknowledge that the above information is true and accurate to the best of my knowledge. I also acknowledge that the vehicle is safe to operate.

Print Name

Signature

Date