

QUIET ZONE CONSULTING STUDY FUNDING AGREEMENT

This agreement for the funding of a consulting report ("Funding Agreement") is made and entered into this 20th day of June, 2006, by and between the City of Redlands, a municipal corporation ("City") and Mission Development Company (hereinafter "Developer"). City and Developer are sometimes herein each individually referred to as a "Party" and, collectively, as the "Parties."

RECITALS

WHEREAS, Developer is proposing to construct a residential subdivision project commonly known as Deer Park, LLC in the City of Loma Linda near the City of Redlands' corporate limits (the "Project"); and

WHEREAS, Developer has determined that a consulting report should be prepared for the establishment of a "Quiet Zone" near the Project and within the City of Redlands (the "Consulting Report"); and

WHEREAS, the Consulting Report must be prepared by a consultant under contract to City; and

WHEREAS, by executing this Funding Agreement, Developer expressly agrees to advance payment for all costs and expenses incurred by City in the preparation of the Consulting Report;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the City of Redlands and Mission Development Company agree as follows:

AGREEMENT

Section 1. Funding Obligation. Within ten (10) days of the date of written request of City, Developer shall deposit the sum of Thirty-Seven Thousand Three Hundred Twenty-Six Dollars (\$37,326) (the "Deposit") with City to engage a consultant who will commence preparation of the Consulting Report. The Deposit will be applied towards the total cost of the Consulting Report. Developer shall thereafter make payments to City for the balance of all other costs and expenses for preparation of the Consulting Report within ten (10) days of the date City submits written invoices to Developer.

Section 2. Failure to Comply. If, at any time, Developer unreasonably delays in advancing monies as requested by City, paying any invoice from City when due, or failing to provide City with information or data as requested City may suspend its contract for the preparation of the Consulting Report, or, alternatively, Developer acknowledges and agrees that City may terminate its contract for preparation of the Consulting Report.

Section 3. Notices. All notices given pursuant to this Agreement shall be in writing and may be given by personal delivery or by mail. Notices sent by mail shall be addressed as follows:

City

Ronald C. Mutter
Public Works Director
City of Redlands
P.O. Box 3005
Redlands CA 92373

Developer

Glenn Elssmann
Mission Development Company
25814 Business Center Drive, Suite C
Redlands, CA 92374

When so addressed, such notices shall be deemed given upon deposit in the United States Mail. In all other instances, notices shall be deemed given at the time of actual delivery. Changes may be made in the names and addresses of the person to whom notices are to be given by giving notice pursuant to this Section.

Section 4. Attorneys' Fees. In the event any action is commenced to enforce or interpret any of the terms or conditions of this Agreement the prevailing Party shall, in addition to costs and any other relief, be entitled to recovery of its reasonable attorneys' fees, including fees for the use of any in-house counsel of the Parties at rates prevailing in San Bernardino County, California.

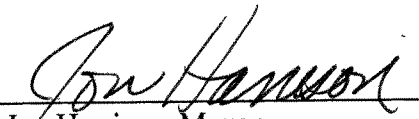
Section 5. Entire Agreement/Amendment. This Agreement represents the entire agreement and understanding between the Parties as to the matters contained herein, and any prior negotiations, proposals or verbal agreements are superseded by this Agreement. Any amendment to this Agreement shall be in writing, approved by the City Council of City and signed by City and Developer.

Section 6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 7. Defense and Indemnity. Developer shall defend, indemnify and hold harmless City, its elected officials, officers, employees and agents from and against any and all actions, claims, demands, lawsuits, losses and liability for damages to persons or property, including costs and attorneys' fees, that may be asserted or claimed by any person, firm, entity, corporation, political subdivision or other organization arising out of or in connection with City's preparation of the Consulting Project.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates shown below.

CITY OF REDLANDS

By: 
Jon Harrison, Mayor

Date June 20, 2006

ATTEST:


City Clerk

Date June 20, 2006

By: 
Name GLENN ELSSMANN

Date

6/12/06

Title: MANAGING MEMBER

ATTEST:

By: _____
Secretary

Date