

FIRST AMENDMENT TO ENVIRONMENTAL IMPACT REPORT
FUNDING AGREEMENT

This first amendment (this "First Amendment") to the Funding Agreement for the preparation of an Environmental Impact Report ("EIR") dated January 18, 2005 (the "Agreement"), by and between the City of Redlands, a municipal corporation ("City") and RAFCO Development ("Applicant") is made and entered into this 1st day of August, 2006.

RECITALS

WHEREAS, it is the desire of City and Applicant to amend their existing Agreement to increase the scope of services and compensation to be paid to the consultant preparing the EIR for Applicant's project;

NOW, THEREFORE, the Agreement between City and Applicant is hereby amended as follows:

Section 1. Section 1. of the Agreement entitled "Funding Obligation" is hereby amended to read as follows:

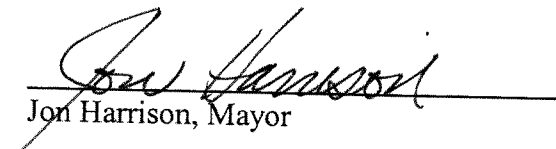
"Applicant shall deposit the minimum sum of Ten Thousand Dollars (\$10,000) with City to engage the consultant who will commence work on the EIR. The estimated cost of the EIR is Forty Thousand Two Hundred Sixty-Eight Dollars (\$40,268) which includes the sum of Thirty-Three Thousand Five Hundred Fifty-Seven Dollars (\$33,557) as the estimated fee for the consultant's work and the sum of Six Thousand Seven Hundred Eleven Dollars (\$6,711) as the estimated administrative costs which will be incurred by City. The deposit will be applied towards the total cost of the EIR. Applicant shall thereafter make payments to City for the balance of all other costs and expenses for preparation of the EIR within fifteen (15) days of the date City submits written invoices to Applicant."

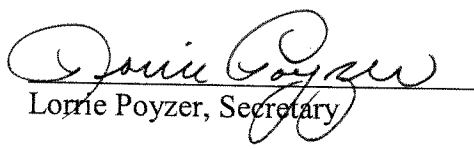
Section 2. All other provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment, to be effective as of August 1, 2006.

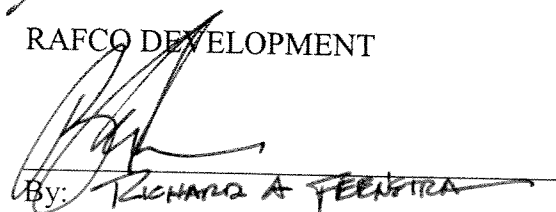
CITY OF REDLANDS

ATTEST:


Jon Harrison, Mayor


Lorrie Poyzer, Secretary

RAFCO DEVELOPMENT


By: RICHARD A. FERREIRA
Title: PRESIDENT

Planning Commission Actions - On motion of Councilmember Gilbreath, seconded by Councilmember Gallagher, the report of the Planning Commission meeting held on July 25, 2006, was acknowledged as received.

Notice of Environmental Actions - On motion of Councilmember Gilbreath, seconded by Councilmember Gallagher, the report on pending environmental actions received from surrounding jurisdictions was acknowledged as received.

Agreement - Downtown Redlands Advertising - On motion of Councilmember Gilbreath, seconded by Councilmember Gallagher, the City Council approved, by AYE votes of all present, an agreement with Nebulous Studios for graphic design services to advertise downtown Redlands and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

Agreement Amendment - EIR - Bulldog Commons Project - On motion of Councilmember Gilbreath, seconded by Councilmember Gallagher, the City Council approved, by AYE votes of all present, the first amendment to a contract with ECORP Consulting, Inc. for preparation of an Environmental Impact Report for Conditional Use Permit No. 836 and Demolition No. 68 for the Bulldog Commons Project and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

Funding Agreement Amendment - EIR - Bulldog Commons Project - On motion of Councilmember Gilbreath, seconded by Councilmember Gallagher, the City Council approved, by AYE votes of all present, the first amendment to a funding agreement with RAFCO Development for preparation of an Environmental Impact Report for Conditional Use Permit No. 836 and Demolition No. 68 for the Bulldog Commons Project and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

Final Approval - Tract No. 16390 - Beazer Homes - On motion of Councilmember Gilbreath, seconded by Councilmember Gallagher, the City Council granted final approval, by AYE votes of all present, for Tract No. 16390, a planned residential development subdividing 46.45 acres into 139 residential lots for property located west of Orange Street and north of Pioneer Avenue.

Final Approval - Tract No. 17429 - Diamond Peak Homes and Management - On motion of Councilmember Gilbreath, seconded by Councilmember Gallagher, the City Council granted final approval, by AYE votes of all present, for Tract No. 17429 subdividing 4.16 acres into five residential lots for property located on the south side of Camelot Drive, east of Marvin Avenue.