

FUNDING AGREEMENT BETWEEN THE CITY OF REDLANDS AND GÜSSING RENEWABLE ENERGY AMERICA

This funding agreement ("Agreement") is made and entered into this 2nd day of November, 2010, by and between the City of Redlands, a municipal corporation (hereinafter "City") and Güssing Renewable Energy America LLC (hereinafter "GREA"). City and GREA are sometimes individually referred to herein as a "Party" and, together, as the "Parties."

RECITALS

WHEREAS, GREA desires to produce energy from City's California Street Landfill gas, and from wastewater treatment plant digester gas, and desires to locate a gasification facility in proximity to City's wastewater treatment plant (the "Project"); and

WHEREAS, by executing this Agreement, GREA expressly agrees to advance payment, in an amount not to exceed Thirty Thousand Dollars (\$30,000) for the costs and expenses City incurs in connection with City's review of GREA's proposed Project;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the City of Redlands and Güssing Renewable Energy America LLC agree as follows:

AGREEMENT

Section 1. Funding Obligation. Within ten (10) days of the date of written request of City, GREA shall deposit the sum of Thirty Thousand Dollars (\$30,000)(the "Deposit") with City to engage the consultant who will review GREA's proposed Project. The Deposit will be applied towards the cost incurred by the City in connection with its review of the proposed Project. Upon receipt of the Deposit, City shall engage the consultant as soon as practicable. In the event that this Agreement is terminated for any reason, City shall immediately refund any unused portion of the Deposit to GREA. City shall also notify GREA in writing upon remitting any payments to the consultant, which notification shall include a general description of the services performed by the consultant and the amounts paid for such services.

Section 2. Compliance Required. GREA acknowledges that City may require GREA to supply data and information to determine whether the proposed Project is feasible. GREA shall promptly comply with all such requests by City.

Section 3. Failure to Comply. If, at any time, in City's sole discretion, GREA unreasonably delays in advancing monies as requested by City, or paying any invoice from City when due, GREA acknowledges and agrees that City may, without liability to GREA, cease City's review and processing of GREA's proposed Project.

Section 4. 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
Les Jolly
Interim Quality of Life Director
Quality of Life Department
P.O. Box 3005
Redlands, CA 92373

Applicant
Graeme Bethell
Gussing Renewable Energy America
133 – 1335 Bear Mountain Parkway
Victoria, BC, Canada, V9B 6T9

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 5. 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 use of in-house counsel by a Party.

Section 6. Entire Agreement/Amount. 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 authorized representatives of City and GREA.

Section 7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

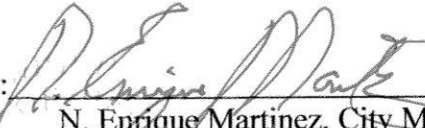
Section 8. Defense and Indemnity. GREA shall defend, indemnify and hold harmless City, its elected officials, officers, employees and agents from and against any and all actions, claims, demands, lawsuits, losses and liability for damages to persons or property, including costs and attorneys' fees, that 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 processing of Applicant's Project, except to the extent that any such action, claim, demand, lawsuit, loss or liability arises from the City's gross negligence or willful misconduct, or is a result of City's breach of this Agreement or any agreement between it and GREA.

Section 9. No Third Party Beneficiary. GREA expressly acknowledges and agrees that City's contract with the consultant to prepare for GREA's Project is for the benefit of City and the public, and is not for the benefit of GREA.

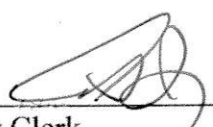
Section 10. Termination. City may terminate the Agreement by providing ten (10) calendar days prior written notice to GREA of the date such notice states as the date of termination of this Agreement.

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

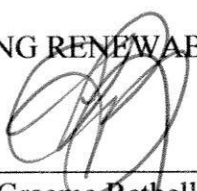
CITY OF REDLANDS

By: 
N. Enrique Martinez, City Manager

ATTEST:


City Clerk

GUSSING RENEWABLE ENERGY AMERICA

By: 
Graeme Bethell

Title: _____

business and sales tax revenues throughout the City. On motion of Councilmember Aguilar, seconded by Mayor Pro Tem Bean, the City Council unanimously approved the fee waiver request.

Sobriety Checkpoint Grant - On motion of Mayor Pro Tem Bean, seconded by Councilmember Gallagher, the City Council unanimously approved the acceptance of an Office of Traffic Safety (OTS) Sobriety Checkpoint Mini-Grant and appropriation of funds from the grant to the Police Department.

Volunteer Recognition - On motion of Mayor Pro Tem Bean, seconded by Councilmember Gallagher, the City Council unanimously approved certificates of recognition for Rhonda Myer, of the Citizen Volunteer Patrol, and Thomas Cawthon, Citizen Volunteer Patrol Ranger, for their distinction as recipients of State Assembly Public Safety Volunteer Awards.

Commission Appointments - On motion of Mayor Pro Tem Bean, seconded by Councilmember Gallagher, the City Council unanimously approved the appointment/reappointment of the following members of the Recreation Advisory Commission: Donald H. Gifford to serve a four-year term ending June 30, 2014; Todd Gutjar to serve the remainder of an unexpired term ending June 30, 2012; Mary Reyes to serve another four-year term ending June 30, 2014; and Joe Gonzales to serve a third four-year term ending June 30, 2014.

NEW BUSINESS:

✓ Renewable Energy Project - Graeme Bethell, CEO of Gussing Renewable Energy America, LLC (GREa), presented a summary of a concept to use City of Redlands wastewater biosolids, landfill solid waste and gases as renewable energy sources. GREa is interested in building and operating a gasification facility in Redlands. On motion of Councilmember Harrison, seconded by Councilmember Aguilar, the City Council unanimously approved a funding agreement whereby GREa will provide funds to pay R3 Consulting Group to provide technical evaluation of GREa's proposal and report to the City of Redlands on its findings.

Commission Appointments - On motion of Councilmember Gallagher, seconded by Mayor Gilbreath, the City Council unanimously approved the appointment of Robert Duron to serve the remainder of an unexpired term on the Traffic and Parking Commission ending December 20, 2013.

Legal Services - On motion of Mayor Pro Tem Bean, seconded by Mayor Gilbreath, the City Council unanimously approved payment of four invoices totaling \$11,038.49 to Liebert Cassidy Whitmore for legal services in connection with the modification of City of Redlands Department Directors' Benefit Profile and authorized appropriation of funds to cover the payment.