

ESCROW AGREEMENT FOR SECURITY DEPOSITS IN LIEU OF RETENTION

This Escrow Agreement is made and entered into by and between the City of Redlands, whose address is 35 Cajon Street, Redlands, California 92373 (hereinafter called "Owner"), and NBI General Contractors whose address is 1639 Sessum Drive, Redlands, California 92374 (hereinafter called "Contractor"); and Bank of America (Riverside Branch), a state or federally chartered bank in California whose address is 3650 14th Street, Suite 204, Riverside, California 92501 (hereinafter called "Escrow Agent").

For the consideration hereinafter set forth, the Owner, Contractor, and Escrow Agent agree as follows:

- I. Pursuant to section 22300 of the Public Contract Code of the State of California, Contractor has the option to deposit securities with Escrow Agent as a substitute for retention earnings required to be withheld by the Owner pursuant to the Contract entered into between the Owner and Contractor in the amount of One Million Three Hundred Thirty One Thousand Two Hundred Eighty Three Dollars .27 Cents (\$1,331,283.27), and dated November 2, 2004, (the "Contract"). Alternatively, on written request of the Contractor, the Owner shall make payments of the retention earnings directly to the Escrow Agent. When Contractor deposits the securities as a substitute for retention earnings, the Escrow Agent shall notify the Owner within ten (10) calendar days of the deposit. The market value of the securities at the time of the substitution, as valued by the Owner, shall be at least equal to the cash amount then required to be withheld as retention under the terms of the Contract between the Owner and Contractor. If the Owner determines that the securities are not adequate it will notify Contractor and Escrow Agent, and Contractor shall deposit additional security as further determined by the Owner. Securities shall be held in the name of the Owner and shall designate the Contractor as the beneficial owner.
2. Thereafter, Owner shall make progress payments to the Contractor for such funds which otherwise would be withheld from progress payments pursuant to the Contract provisions, provided that the Escrow Agent holds securities in the form and amount specified above.
3. Pursuant to Public Contract Code section 22300, as an alternative to the procedures set forth above, Contractor may request in writing that the Owner pay retention amounts directly to Escrow Agent. When the Owner makes payment of retentions earned directly to the Escrow Agent, the Escrow Agent shall hold them for benefit of the Contractor until such time

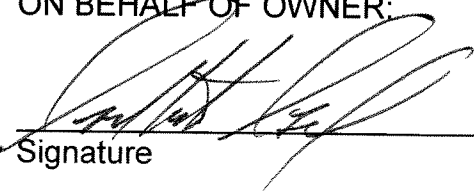
as the escrow created under this Escrow Agreement is terminated. The Contractor may direct the investment of the payments into securities. All terms and conditions of this Escrow Agreement and the rights and responsibilities of the parties shall be equally applicable and binding when the Owner pays the Escrow Agent directly.

4. The Contractor shall be responsible for paying all fees for the expenses incurred by Escrow Agent in administering the Escrow Account and all expenses of the Owner. These expenses and payment terms shall be determined by the Owner, Contractor and Escrow Agent.
5. The interest earned on the securities or the money market accounts held in escrow and all interest earned on that interest shall be for the sole account of Contractor and shall be subject to withdrawal by Contractor at any time and from time to time without notice to the Owner.
6. Contractor shall have the right to withdraw all or any part of the principal in the Escrow Account only by written notice to Escrow Agent accompanied by written authorization from Owner to the Escrow Agent that Owner consents to the withdrawal of the amount sought to be withdrawn by Contractor.
7. The Owner shall have the right to draw upon the securities or any amount paid directly to Escrow Agent in the event of default by the Contractor. Upon seven (7) days written notice to the Escrow Agent from the Owner of the default, the Escrow Agent shall immediately convert the securities to cash and shall distribute the cash, including any amounts paid directly to Escrow Agent pursuant to Section 3 above, as instructed by Owner. Escrow Agent shall not be concerned with the validity of any notice of default given by Owner pursuant to this paragraph, and shall promptly comply with Owner's instructions to pay over said escrowed assets. Escrow Agent further agrees to not interplead the escrowed assets in response to a conflicting demand and hereby waives any present or future opportunity of interpleader.
8. Upon receipt of written notification from the Owner certifying that the Contract is final and complete, and that the Contractor has complied with all requirements and procedures applicable to the Contract, Escrow Agent shall release to Contractor all securities and interest on deposit less escrow fees and charges of the Escrow Account. The escrow shall be closed immediately upon disbursement of all moneys and securities on deposit and payment of fees and charges.
9. Escrow Agent shall rely on the written notifications from the Owner and Contractor pursuant to Sections (4), (5), (6), (7) and (8) of this Agreement and the Owner and Contractor shall hold Escrow Agent harmless from

Escrow Agent's release and disbursement of the securities and interest as set forth above.

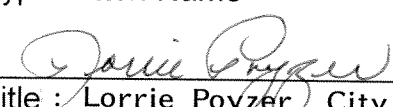
10. The names of the persons who are authorized to give written notice or to receive written notice on behalf of the Owner, the Contractor and the Escrow Agent in connection with the foregoing, and exemplars of their respective signatures are as follows:

ON BEHALF OF OWNER:



Signature

Gilberto Gil, Mayor Pro Tem
Typewritten Name

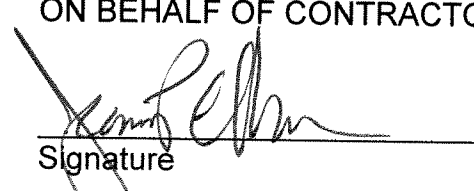
Attest: 

Title : Lorrie Poyzer City Clerk

April 5, 2005

Date

ON BEHALF OF CONTRACTOR:



Signature

James Peter O'Hara

Typewritten Name

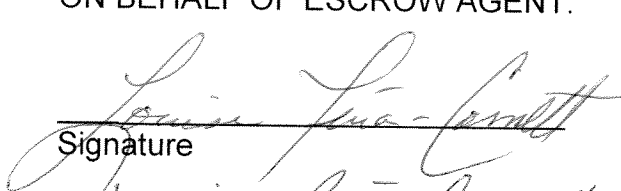
Owner, NBI General Contractors

Title

March 3, 2005

Date

ON BEHALF OF ESCROW AGENT:



Signature

Lucie Pena-Cornett

Typewritten Name

VP

Title

March 9 2005

Date

At the time the Escrow Account is opened, the Owner and Contractor shall deliver to the Escrow Agent a fully executed counterpart of this Agreement.