

SECOND AMENDMENT TO ENVIRONMENTAL IMPACT REPORT
FUNDING AGREEMENT

This second amendment (this "Second Amendment") to the Funding Agreement for the preparation of an Environmental Impact Report ("EIR") dated May 2, 2006 (the "Agreement"), by and between the City of Redlands, a municipal corporation ("City") and On Texas Street, LLC, a Delaware limited liability company ("Developer") is made and entered into this 20th day of February, 2007.

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:

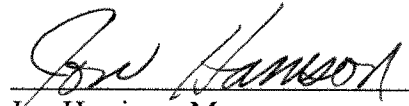
"Within ten (10) days of the date of written request of City, Developer shall deposit the sum of One Hundred Seventy-Two Thousand Six Hundred Sixty-Nine Dollars (\$172,669) (the "Deposit") with City to engage a consultant who will commence preparation of the EIR. The estimated cost of the EIR is Three Hundred Forty-Five Thousand Three Hundred Thirty-Seven and 40/100 Dollars (\$345,337.40), which includes the sum of Two Hundred Eighty-Seven Thousand Seven Hundred Eight-One Dollars (\$287,781.00) as the estimated costs for the consultant's work, and the sum of Fifty-Seven Thousand Five Hundred Fifty-Six and 40/100 Dollars (\$57,556.40) as the estimated administrative costs which will be incurred by City. The Deposit will be applied towards the total cost of the EIR. Developer shall thereafter make payments to City for the balance of all other costs and expenses for preparation of the EIR within ten (10) days of the date City submits written invoices to Developer."

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

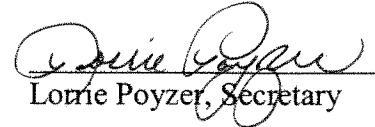
IN WITNESS WHEREOF, the parties have executed this Second Amendment, to be effective as of February 20, 2007.

CITY OF REDLANDS

ATTEST:

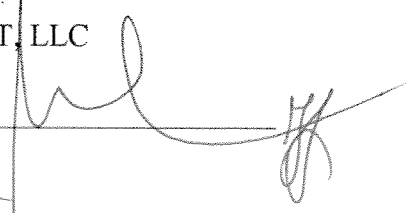


Jon Harrison, Mayor



Lorrie Poyzer, Secretary

ON TEXAS STREET, LLC

By: 

Title: Manager