

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is entered into by and between Alpha Internet Systems ("Alpha") and the City of Redlands ("City") who are sometimes referred to herein as the "Parties."

RECITALS

A. Alpha alleges that the City owes certain monies to Alpha in connection with website services provided to the City, and the City disputes that allegation.

B. It is the intention of the Parties to resolve and settle their dispute and to discharge all claims, demands, causes of action, obligations, damages and liabilities each Party may have against the other that arise from, or are related to, Alpha's provision of website services to the City.

C. This Agreement is a compromise of the claims and liabilities asserted by the Parties and shall not be treated as an admission of liability by any Party.

AGREEMENT

- 1. The Parties acknowledge that the Recitals are true and correct and incorporate the Recitals into this Agreement.**
- 2. The City shall pay to Alpha the sum of Five Thousand Forty Dollars (\$5,040.00) no later than 5:00 PM July 15, 2003. If payment is not received by Alpha Internet Systems by the date and time specified herein, this agreement shall become null and void. The payment shall be made by check payable to Alpha Internet Systems.**
- 3. Alpha, in behalf of itself and its assigns and successors-in-interest, hereby releases and forever discharges the City and its Councilmembers, officers, employees and assigns from any and all claims, causes of action, damages, losses, demands, accounts, rights, debts, liabilities, obligations, disputes, controversies, payments, costs and attorneys' fees, of every kind and character, known or unknown, existing or contingent, latent or patent, regarding any matter arising from or related to Alpha's provision of website services to the City.**
- 4. The City, in behalf of itself and its assigns and successors-in-interest, hereby releases and forever discharges Alpha and its officers, employees and assigns from any and all claims, causes of action, damages, losses, demands, accounts, rights, debts, liabilities, obligations, disputes, controversies, payments, costs and attorneys' fees, of every kind and character, known or unknown, existing or contingent, latent or patent, regarding any matter arising from or related to Alpha's provision of website services to the City.**

5. By executing this Agreement, Alpha and the City hereby release and waive all claims or causes of action that each may have against the other which in any way relate to the provision of website services to the City.

6. The Parties expressly waive any rights afforded them under Civil Code section 1542 which provides that:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

7. The Parties are aware that they may hereafter discover claims or facts in addition to or different from those they now know or believe to be true with respect to the matters related herein. Nevertheless, it is the intention of the Parties to fully, finally and forever settle and release all such matters, and all claims related to those matters.

8. The Parties represent and warrant to each other that neither has assigned or transferred, or purported to assign or transfer, and shall not hereafter assign or transfer, any obligation, liability, demand, claim, cost, expense, debt, action and cause of action released pursuant to this Agreement. The Parties also agree to defend, indemnify and hold each other harmless against any obligation, liability, demand, claim, cost, expense (including, but not limited to attorneys' fees incurred), debt, controversy, damage, action or cause of action based on, arising out of or in connection with any such transfer or assignment or purported transfer or assignment.

9. This Agreement constitutes the entire agreement between the Parties as to the matters contained herein. No modification of this Agreement shall be valid unless made in writing, signed by the Parties.

10. This Agreement shall bind and inure to the benefit of the successors and assigns of the Parties.

11. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any of the Parties.

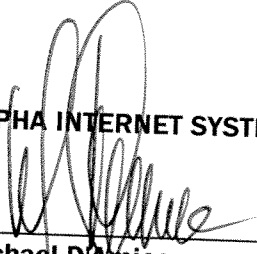
12. Each person executing this Agreement represents and warrants to the other signatory that he has the authority to execute this Agreement in behalf of the entity for whom he is signing this Agreement.

13. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

14. Should an action be brought to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to recover reasonable attorneys' fees and costs incurred in prosecuting the action.

Dated: 6/27/03

ALPHA INTERNET SYSTEMS

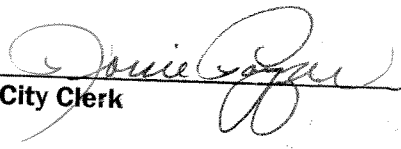

Michael D'Amico

Dated: July 1, 2003

CITY OF REDLANDS


Karl N. ("Kasey") Haws, Mayor

Attest:


City Clerk