

CONTRACT NO.
CO 14-236

HERITAGE PARK EQUESTRIAN CENTER LEASE OPERATORS AGREEMENT

THIS HERITAGE PARK EQUESTRIAN CENTER LEASE (this "Lease") is dated as of October 15, 2014 (the "Effective Date") and is entered into by and between the CITY OF RANCHO CUCAMONGA, a California municipal corporation ("Landlord" or "City"), and the *ALTA LOMA RIDING CLUB*, a California 501 c4 nonprofit public benefit corporation ("Tenant").

RECITALS:

- A. Landlord is the owner of the real property commonly known as *5546 Beryl Street*, in the City of Rancho Cucamonga, County of San Bernardino, State of California, more particularly described on Exhibit A attached hereto and depicted on Exhibit B attached hereto (the "Land"), together with the improvements located thereon commonly known as Heritage Park (the "Property").
- B. City constructed the Arena, adjacent building and parking lot (collectively, the "Premises") for the purpose of providing park and open space for equine use, for the benefit of present and future residents of the City of Rancho Cucamonga.
- C. Tenant shares the City's goal of preserving the Property for the present and future citizens of Rancho Cucamonga.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants contained herein, Landlord and Tenant agree as follows:

1. AGREEMENT OF LEASE; USE OF PREMISES.

- 1.1 Upon the "Commencement Date" (as defined below), any former Agreement between Landlord and Tenant is terminated and Landlord leases the Premises to Tenant and Tenant rents the Premises from Landlord on the terms in this Lease.
- 1.2 Tenant shall comply with all applicable laws in connection with its use of the Premises.
- 1.3 Tenant may use the Premises for purposes incidental to equestrian use such as fund raising, charity and special events (e.g., competitions, shows and other private functions or commercial enterprises); however, Tenant must first provide facility event schedule to Landlord quarterly and such events shall be included. Tenant may propose an unscheduled event, on condition that Tenant provide Landlord fourteen (14) days advance, written notice of such function or enterprise, describing the event in terms of size, purpose, and general conditions. If Landlord has any objection or concern, it shall so notify Tenant at least seven (7) days before the event. Tenant shall then modify the event or enterprise to fully alleviate the Landlord's objections and concerns or the event will not occur.
- 1.4. Tenant will continue partnerships with current Equine non-profit user groups as well as continue one monthly meeting per group and current traditional, established special events like the "Evening of the Horse" at no fee; however, service fees or ground fees may be charged.
- 1.5. Tenant will schedule and determine user fees of all reservations. It is the Tenant's responsibility to coordinate with all Heritage Park user groups utilizing the shared parking lot.
- 1.6. Tenant will continue to keep equestrian arenas open and available for resident drop in use.
- 1.7. Tenant will be responsible for posting signage indicating current contact information regarding the operation, maintenance and events held in the equestrian area with approval from Landlord.

1.8. Tenant will have no naming rights. If an offer is put forward by an Alta Loma Riding Club partner, it can be brought to the City for discussion.

1.9. The Premises will be included as a rentable space on the Facility Rentals page of the Grapevine publication, as well as, community events hosted by the Tenant. Grapevine submittal deadlines must be met.

1.10. Tenant may establish a marketing program that can assist in advertising and outreach to equestrian publications and user groups about the facility and the rental potential.

1.11. Tenant will be responsible for the daily monitoring of the Premises and responding to issues.

1.12. Tenant will be responsible for establishing and enforcing operational rules for the Premises.

1.13. Tenant is well aware of the condition of the Premises and accepts them in their present condition, without representation or warranty, express or implied.

2. TERM AND COMMENCEMENT DATE.

2.1 The term of this Lease shall commence on October 15, 2014 (the "Commencement Date"), and shall expire on October 15, 2015; provided, however, that said initial one year term shall be extended in one (1) year increments (each an "Extended Term") unless either Landlord or Tenant has given notice to the other, not less than sixty (60) days prior to the expiration of the then-current term (i.e., the initial one year term or any subsequent Extension Term) that such party has decided to terminate the Lease upon the expiration of the then-current term, in which case this Lease shall terminate upon the expiration of the then-current term.

Notwithstanding the foregoing, in no event shall the term of this Lease, as so extended, exceed ten (10) years.

3. RENT.

3.1 The base rent for the Premises shall be One Dollar (\$1.00) per annum (the "Base Rent") and shall be paid without notice or offset, in advance of the Commencement Date and, if applicable, each Extended Term. In addition to the payment of the Base Rent, Tenant shall pay such additional cost as may be specified in this Lease.

4. SERVICES AND UTILITIES.

4.1 Landlord will continue to pay the domestic water, electricity and natural gas bills through the first year of the Lease. Landlord will monitor utility uses throughout the year based upon events and daily use and compare use to the past three (3) years. Landlord reserves the right to establish a utilities surcharge for all outside rentals secured by the Tenant. The Tenant will be responsible to charge and collect established utility surcharge on the Landlords behalf for rentals. Landlord will continue to pay for the existing phone line for purposes of keeping the alarm system on. Tenant is responsible for any additional phone lines installed.

4.2 Landlord shall be responsible for failures in these systems as a result of ordinary wear and tear and which are not due to damage by Tenant or its guests, contractors or agents, or failure by Tenant to properly maintain the Premises.

4.3 Unless caused by the gross negligence or intentional misconduct of Landlord, Landlord shall not be liable or responsible for any loss, damage or expense sustained or incurred by Tenant

as a result of any change, failure, interference, disruption or defect in the supply or character of any utility or service furnished to the Premises.

5. TENANT'S RESPONSIBILITIES FOR MAINTENANCE AND OPERATIONS.

5.1 Tenant shall be responsible, except where noted in this Lease, for all operations and maintenance of the Premises' including but not limited to:

5.1.1. Tenant shall require all volunteers to register through the Landlords Volunteer program. All volunteers must be approved by Landlord.

5.1.2. Securing maintenance volunteers that must be trained by City staff in order to operate City equipment.

5.1.3. Designating a volunteer maintenance lead person that will be trained by the City. Tenant must maintain at least one trained volunteer maintenance lead person during the entire term of Lease. The Tenant's designated volunteer maintenance lead person must be on site to supervise all maintenance work and meet weekly with Landlord's Public Works staff.

5.1.4. Arena and Round Pens harrowing/dragging on as needed basis for equestrian events.

5.1.5. Mowing and trimming of grass and trees adjacent to the Equestrian building. Tenant may physically change these areas deemed necessary for cost savings or other operational reasons with prior City approval at Tenant's sole cost.

5.1.6. General building maintenance, including graffiti removal, and janitorial services including restrooms. City acknowledges that Tenant may limit hours and days restrooms will be available.

5.1.7. Provide manure waste stations and signage encouraging trailer users to pick up and dispose of waste as required by environmental policies and City ordinances.

5.1.8. Provide for weekly manure cleanup in parking and equestrian center areas.

5.1.9. Chalking of parking lot for equestrian events.

5.1.10. Monitoring of parking lot during equestrian special events.

5.1.11. The Premises shall be maintained at the level received at the time of the commencement of the term of this Lease.

5.1.12. Emptying trash receptacles adjacent to the facility weekly.

5.1.13. Maintaining the PA system.

5.1.14. Tenant must obtain necessary permits and/or approvals as needed.

5.1.15. Tenant will be responsible for up to \$1,800 of costs every 2 years for the replacement of arena lights.

5.1.16. A non-monitored video surveillance system may be installed; however, tenant is responsible for all required signage for the video surveillance and all cost and expenses incurred.

5.1.17. Tenant shall use best practices for all operations and will consult with the Public Works Department as needed.

6. LANDLORD'S MAINTENANCE RESPONSIBILITIES.

6.1 Landlord shall be responsible for the maintenance of the parking lot, including perimeter trees, at a level of maintenance to be determined by Landlord and for the following:

6.1.1. Back bone infrastructure for all items within the Premises, excluding items within the adjacent building, but including water for the arena, landscape irrigation and domestic, sewer, drainage and phone with security line.

6.1.2. City retains responsibility for Arena Light Standards. City will determine the appropriate level of maintenance and does not guarantee any maintenance or repair of light standards. City also reserves the right to establish a fee schedule for any light usage and to implement improvements to the pay for use machines for the lighting.

6.1.3. Continue weekly contracted trash disposal of trash dumpsters in the parking lot.

7. ALTERATIONS AND PERSONAL PROPERTY.

7.1 Tenant shall not make any additions, improvements or alterations to the premises without the prior written consent of Landlord. Any such additions, improvements or alterations to the Premises shall be made at the sole cost and expense of Tenant and in accordance with all applicable laws, ordinances and regulations, including laws related to accessibility for persons with disabilities.

7.2 Any mechanic's lien or related instrument filed against the Premises for work done or materials or equipment furnished to or contracted for by Tenant shall be discharged or bonded by Tenant, at Tenant's sole cost and expense, within fifteen (15) days after the date it is filed. Landlord shall have the right to post notices of non-responsibility on the Building.

7.3 All articles of personal property and all business and trade fixtures, private telephone systems and lines, furniture and movable partitions owned, leased or installed in the Premises by Tenant at its sole cost and expense, shall be and remain the property of Tenant and may be removed from the Premises by Tenant at any time, provided Tenant repairs any damage caused by that removal. Upon the expiration or early termination of this Lease, Tenant shall remove all of its personal property from the Premises and shall repair any damage caused by the removal.

8. DAMAGE TO TENANT'S PROPERTY.

8.1 Neither Landlord nor its officers, agents or employees shall be liable to Tenant for any loss of, or damage to, the personal property of Tenant located at the Premises resulting from fire, explosion, steam, gas, electricity, water or moisture in or from any part of the Premises, including its roof, walls, ceilings and floors, or from the pipes, appliances or mechanical and electrical systems in the Premises, or from any other place or from any other cause, whether or not similar to the foregoing.

8.2 Tenant shall provide prompt verbal notice to Landlord, to be followed by written notice, in the event of any material damage to the Premises or the personal property of Tenant located at the Premises resulting from any fire, accident, casualty or condition in, on or about the Premises.

9. COMPLIANCE WITH LAWS AND INSURANCE POLICIES.

9.1 In connection with its occupancy and use of the Premises, Tenant shall, at its sole cost and expense, promptly comply with all applicable present and future federal, state and local laws, ordinances and regulations and with all orders and rules of governmental authorities having jurisdiction, and cooperate with any law, ordinance or regulation that requires alterations by Landlord or Tenant to the Premises.

9.2 Tenant shall refrain from restricting the use of the Premises on the basis of sex, age, handicap, marital status, race, color, religion, creed, ancestry or national origin of any person. All contracts entered into by Tenant in connection therewith shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

"There shall be no discrimination against or segregation of any person or group of persons on account of sex, marital status, race, age, handicap, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, subtenants, sub-lessees or vendees of the land."

Tenant shall not do, omit to do or permit to be done any act or thing in, on or about the Premises that will invalidate, or be in conflict with, any requirement, covenant or condition of any casualty insurance policy covering the Premises or the personal property therein, or that will subject Landlord to any uninsured liability to any person for personal injury, death or property damage.

10. INDEMNITY.

10.1 Each party hereto (hereafter, "indemnifying Party") shall indemnify, defend and hold harmless the other party, its officers, agents, employees and volunteers against any loss, cost, damage, expense, claim, suit, demand, or liability of any kind or character, including but not limited to reasonable attorney fees, arising from or relating to any negligent or wrongful act or omission of the Indemnifying Party, its officers, agents or employees, which occurs in the performance of, or otherwise in connection with, this agreement, but only in proportion to and to the extent such loss, cost, damage, expense, claim, suit, demand, or liability of any kind or character, including reasonable attorney fees, is caused by or results from the negligent or wrongful act or omission of the Indemnifying Party, its officers, agents, or employees.

10.2 Nonwaiver of Rights. Indemnities do not, and shall not, waive any rights that they may possess against Tenant because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Lease.

10.3 Waiver of Right of Subrogation. Except as otherwise expressly provided in this Lease, Tenant, on behalf of itself and all parties claiming under or through it, hereby waives all rights of subrogation against the Indemnities, while acting within the scope of their duties, from all claims, losses and liabilities arising out of or incident to activities or operations performed by or on behalf of the Tenant.

10.4 Survival. The provisions of this Section 10 shall survive the termination of the Lease and are in addition to any other rights or remedies which Indemnities may have under the law. Payment is not required as a condition precedent to an Indemnities' right to recover under this indemnity provision, and an entry of judgment against Tenant shall be conclusive in favor of the Indemnities' right to recover under this indemnity provision.

11. INSURANCE

11.1 Liability Insurance for Special Events. Tenant shall procure and maintain in full force and effect for each Special Event and any on-going programs or uses held during the duration of this lease, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the services hereunder by Tenant, and/or its agents, representatives,

employees or subcontractors. In addition, program participants must sign a City approved Release, Hold Harmless and Agreement Not to Sue waiver.

11.2 Minimum Scope of Insurance. Unless otherwise approved by City coverage shall be at least as broad as:

11.2.1 Insurance Services Office Commercial General Liability Coverage (occurrence form CG 0001).

11.2.2 Insurance Services Office form number CA 0001 (Ed. 1/87) Covering Automobile Liability, code 1 (any auto) if applicable.

11.2.3 Worker's Compensation insurance as required by the State of California, and Employer's Liability Insurance. OR a letter signed under penalty of perjury, stating that the Tenant has no employees.

11.3 Minimum Limits of Insurance as it relates to section 11.1 Liability Insurance.

11.3.1 Commercial General Liability: \$1,000,000 minimum per occurrence for bodily injury, personal injury and property damage. Prior to Commercial General Liability Insurance or other form with a general aggregate limit shall apply separately to this Lease or the general limit is twice the required occurrence limit amount. The City reserves the right of changing the coverage limits dependent on the scope of activity.

11.3.2 Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

11.3.3 Employer's Liability: \$1,000,000 per accident and in the aggregate for bodily injury or disease and Workers' Compensation Insurance in the amount required by law.

11.3.4 The Insurance obligations under this lease shall be the greater of (i) the Insurance coverage's and limits carried by the Tenant; or (ii) The minimum Insurance coverage's and limits shown in this Lease. Any insurance proceeds in excess of the specified limits and coverage required which are applicable to a given loss, shall be available to the City. No representation is made that the minimum Insurance requirements of this Lease are sufficient to cover the obligations of the Tenant under this lease.

11.4 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City and shall not reduce the limits of coverage. City reserves the right to obtain a full certified copy of any required insurance policy and endorsements.

11.5 Other Insurance Provisions.

11.5.1 The commercial general liability and automobile liability policies are to contain the following provisions on a separate additionally insured endorsement naming the City, its officers, officials, employees, designated volunteers and agents serving as independent contractors in the role of City officials, as additional insured's as respects: liability arising out of activities performed by or on behalf of Tenant; products and completed operations of Tenant; premises owned, occupied or used by Tenant; and/or automobiles owned, leased, hired or borrowed by Tenant. The coverage shall contain no limitations on the scope of protection afforded to City, its officers, officials, employees, designated volunteers or agents serving as independent contractors in the role of City officials which are not also limitations applicable to the named insured.

11.5.2 For any claims related to this Lease, Tenant's insurance coverage shall be primary insurance as respects City, its officers, officials, employees, designated volunteers and

agents serving as independent contractors in the role of City officials. Any insurance or self-insurance maintained by City, its officers, officials, employees, designated volunteers or agents serving as independent contractors in the role of City officials shall be in excess of Tenant's insurance and shall not contribute with it.

11.5.3 Tenant's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

11.5.4 Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled except after 30 days prior written notice by first class mail has been given to City (ten (10) days prior written notice for non-payment of premium). Tenant shall provide thirty (30) days written notice to City prior to implementation of a reduction of limits or material change of insurance coverage as specified herein.

11.5.5 Each insurance policy required by this clause shall expressly waive the insurer's right of subrogation against City, its elected officials, officers, employees, servants, attorneys, designated volunteers, and agents serving as independent contractors in the role of City officials.

11.5.6 Each policy shall be issued by an insurance company approved in writing by City, which is admitted and licensed to do business in the State of California and which is rated A: VII or better according to the most recent A.M. Best Co. Rating Guide. The City will consider non-admitted carriers on a case by case basis at the request of the Tenant.

11.5.7 Each policy shall specify that any failure to comply with reporting or other provisions of the required policy, including breaches of warranty, shall not affect the coverage required to be provided.

11.5.8 Each policy shall specify that any and all costs of adjusting and/or defending any claim against any insured, including court costs and attorneys' fees, shall be paid in addition to and shall not deplete any policy limits.

11.5.9 Tenant shall provide any and all other insurance, endorsements, or exclusions as required by the City in any request for proposals applicable to this Lease.

11.6 Evidence of coverage. Prior to commencing operations under this Lease, the Tenant shall furnish the City with certificates and original endorsements, or copies of each required policy, effecting and evidencing the insurance coverage required for activities under section 11.1 Liability Insurance for Special Events including (1) Additional Insured Endorsement(s), (2) Worker's Compensation waiver of subrogation endorsement, and (3) General liability declarations or endorsement page listing all policy endorsements. The endorsements shall be signed by a person authorized by the insurer(s) to bind coverage on its behalf. All endorsements or policies shall be received and approved by the City before Tenant commences performance. If performance of this Lease shall extend beyond one year, Tenant shall provide City with the required policies or endorsements evidencing renewal of the required policies of insurance prior to the expiration of any required policies of insurance.

11.7 Tenant agrees to include in all contracts with all subcontractors performing work pursuant to this Lease, the same requirements and provisions of this Lease including the indemnity and insurance requirements to the extent they apply to the scope of any such subcontractor's work. Tenant shall require its subcontractors to be bound to Tenant and City in the same manner and to the same extent as Tenant is bound to City pursuant to this Lease, and to require each of its subcontractors to include these same provisions in its contract with any sub-subcontractor.

12. ADDITIONAL COVENANTS OF TENANT.

12.1 Tenant shall maintain a reasonable method of accounting, open to inspection by Landlord, which shall, to the reasonable satisfaction of Landlord, correctly and accurately reflect the gross receipts and disbursements of Tenant in connection with the Premises. Tenant will be required to provide Landlord with a complete report of activities and rentals. Tenant and Landlord will meet two (2) times per year to review activities calendar and financial reports, preferably at the beginning and middle of each calendar year.

12.2 Tenant shall permit an annual physical inspection of the Premises by Landlord that shall, to the reasonable satisfaction of Landlord, allow for Landlord inspection team to correctly and accurately report on the condition of the Premises. Landlord inspection team may consist of representatives of the Planning Department, Public Works Services and/or Building and Safety Department. Following inspection, Landlord will document the condition of the Premises, provide notice to Tenant of any issues requiring repair and/or maintenance, and establish a time period for Tenant to complete any repair and/or maintenance. Failure to complete repair and/or maintenance in a timely manner will be deemed to be failure to maintain, for which the Landlord may terminate this Lease. Landlord shall conduct the annual physical inspection within thirty (30) days of the initiation of the initial term and any subsequent Extended Term as identified in Section 2.

12.3 Tenant shall provide Landlord with a copy of any annual budget adopted by its Board of Directors.

12.4 Tenant shall provide Landlord with a copy of any annual schedule of anticipated regular events (e.g. cultural, historical, fund raising, etc.) to be held on the Premises approved by Tenant's Board of Directors.

12.5 Tenant shall provide Landlord with a copy of any written description of annual activities and accomplishments of the Tenant during the preceding year as approved by Tenant's Board of Directors. The annual report may include the following: (a) a description of events held at the Premises, (b) a description of fund raising opportunities, (c) information on member contributions to the Premises, and (d) information on corporate sponsorships, outreach goals, and membership drives.

12.6 Landlord and its employees, agents and representatives shall have the right to enter upon the Premises after reasonable notice to Tenant.

12.7 Tenant shall not assign, transfer, hypothecate or encumber this Lease, or sublet the Premises, or suffer or permit the Premises to be occupied or used by any other person or entity without the prior written consent of Landlord, which consent may be withheld or granted in Landlord's sole and absolute discretion.

13. DEFAULT AND REMEDIES.

13.1 The occurrence of any one of the following shall constitute a default by Tenant under this Lease:

13.1.1 Tenant shall fail to pay Rent within five (5) business days after Tenant receives notice thereof from Landlord (provided, however, that the notice requirement contained in this Section 13.1.1 is not in addition to any legal requirement that notice be given and may be satisfied by sending the notice required by any applicable law or statute including California Code of Civil Procedure Section 1161); or

13.1.2 Tenant shall fail to perform or comply with any of the other covenants or conditions of this Lease, and such failure is not cured within thirty (30) days after Tenant receives notice thereof from Landlord; provided, however, that if the failure to perform or comply cannot

reasonably be cured within thirty (30) days, Tenant shall not be in default if Tenant commences to cure the failure to perform or comply within the thirty (30) day period and diligently and in good faith continues to cure the same thereafter.

13.2 If Tenant commits an Event of Default, Landlord shall in addition to any and all other rights and remedies which Landlord may have under this Lease or by law or in equity, the remedies under California Civil Code Section 1951.2 (i.e., terminate this Lease and sue for damages) or the remedy under California Civil Code Section 1951.4 (i.e., keep this Lease in effect and sue for rent as it comes due). Any financial recovery by the City will be against the Alta Loma Riding Club, a public benefit, non-profit, California Corporation and shall not extend to any of its Officers, Directors or Members individually.

13.3 Except as expressly provided herein, the various rights, options, elections, powers and remedies of Landlord contained in this Section 13 shall not be deemed to be exclusive; they are cumulative and in addition to any other remedies, rights or priorities contained elsewhere in this Lease or now or later allowed by law or in equity.

14. NO WAIVER.

14.1 The failure of Landlord or Tenant to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease shall not be deemed a waiver by Landlord or Tenant of its right to such redress for a prior, concurrent or subsequent violation of the same or to subsequently insist upon strict performance of any other covenant or condition of this Lease. The receipt and acceptance by Landlord of rent with knowledge of any preceding breach by Tenant of any covenant, term or condition of this Lease shall not be deemed a waiver of such breach. No provision of this Lease and no default by Landlord or Tenant hereunder shall be deemed to have been waived by the other party unless such waiver is in writing and signed by the waiving party.

14.2 No payment by Tenant or receipt and acceptance by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than on account of the rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment of the rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other right or remedy provided herein or at law or in equity.

15. SUBORDINATION.

15.1 This Lease is and shall be subordinate to any encumbrance now of record or recorded after the date of this Lease affecting Landlord and the Premises. Such subordination is effective without any further act of Tenant. Tenant shall, from time to time upon request from Landlord, execute and deliver any documents or instruments that may be required by a lender to effectuate any such subordination. If Tenant fails to execute and deliver any such documents or instruments, Tenant irrevocably constitutes and appoints Landlord as Tenant's special attorney in-fact to execute and deliver any such documents or instruments on its behalf.

15.2 Each party, within ten (10) days after notice from the other party, shall execute and deliver to the other party, in recordable form, a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. The certificate also shall state the amount of Rent, the dates to which the Rent has been paid in advance, and the amount of any security deposit or prepaid Rent. Failure to deliver the certificate within the ten (10) days shall be conclusive upon the party failing to deliver the certificate for the benefit of the party requesting the certificate and any successor to the party requesting the certificate, that this Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate.

16. DAMAGE AND DESTRUCTION.

16.1 Tenant agrees to promptly notify Landlord of any damage to the Premises resulting from fire, earthquake or any other event beyond the control of Tenant (a "Casualty"). If a Casualty unreasonably disrupts Tenant's access to the Premises, or Casualty results affects the structural elements of the Premises making the Premises unsafe to occupy and use, or a material Casualty occurs in the last ninety (90) days of this Lease, then either Landlord or Tenant may terminate this Lease by notice to the other. The Landlord will not be obligated in any manner whatsoever to repair any damage to the Premises caused by a Casualty.

16.2 The provisions of this Section 16 constitute an express agreement between Landlord and Tenant that applies in the event of any Casualty. Tenant and Landlord, therefore, fully waive the provisions of any statute or regulation, including California Civil Code Sections 1932(2) and 1933(4), for any rights or obligations concerning a Casualty.

17. EMINENT DOMAIN.

17.1 If the whole of the Premises shall be taken by eminent domain or disposed of under threat of an impending taking by eminent domain, by, or to, any public authority, this Lease shall cease and terminate one (1) day prior to the date legal title to the Premises shall vest in such authority.

17.2 If only a portion of the Premises is so taken or disposed of, Landlord or Tenant may, at its option, terminate this Lease by giving notice thereof to the other. Landlord and Tenant each hereby waive the provisions of California Code of Civil Procedure Section 1265.130, which allows either party to a lease to petition the Superior Court to terminate the Lease in the event of a partial taking of the Premises.

17.3 In any of the foregoing cases, Landlord shall be entitled to all compensation and awards arising out of or in connection with such taking or disposition, including any portion thereof attributable to the value of the leasehold estate, except that nothing herein contained shall be deemed to prevent Tenant from recovering from the taking or acquiring authority compensation for the taking of any personal property or fixtures belonging to it or for interruption or damage to its business or for moving or other expenses, to the extent any of the same are compensable by law.

18. NOTICES.

18.1 Any notice, request, direction, instruction, demand, consent, authorization, waiver, approval or other communication required or permitted to be given hereunder shall not be effective unless it is given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, or (c) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and addressed to the parties at the addresses stated below, or at such other address as either party may hereafter notify the other in writing as aforementioned:

Landlord: City of Rancho Cucamonga
10500 Civic Center Drive
Post Office Box 807
Rancho Cucamonga, California 91730
Attention: John Gillison, City Manager

Tenant: Barry Berg, President
Alta Loma Riding Club
P.O. Box 8116
Alta Loma, CA 91701

Service of any such notice or other communications so made shall be deemed effective on the day of actual delivery (whether accepted or refused), as shown by the addressee's return receipt if by certified mail, and as confirmed by the courier service if by courier; provided, however, that if such actual delivery occurs after 5:00 p.m. (local time where received) or on a non-business day, then such notice or demand so made shall be deemed effective on the first business day immediately following the day of actual delivery. No communications via electronic mail or facsimile shall be effective to give any notice, request, direction, demand, consent, waiver, approval or other communications hereunder.

19. MISCELLANEOUS.

19.1 Words of any gender used herein shall include any other gender, and singular words include the plural, and vice versa, and "person" includes persons, firms and corporations and all other types of entities and organizations, unless in each case the sense otherwise requires. The term "Landlord" shall mean the owner of the Premises at the relevant time.

19.2 Tenant, at any time and from time to time, at the request of Landlord, shall promptly execute, acknowledge and deliver to Landlord a certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications); and (b) that there are not then existing any offsets or defenses against the enforcement of any provision of this Lease except as therein specified.

19.3 Time is of the essence of the notice requirements and the obligations of the parties under this Lease.

19.4 If there are any covenants yet to be performed by Tenant as of the date of expiration or termination of the term hereof, including, without limitation, the payment of Taxes, Operating Costs and Rent under this Lease as of such date, such covenants shall survive the expiration or termination of the term hereof whether or not they are then known or determined.

19.5 This Lease contains the entire agreement between the parties hereto with respect to the subject matter hereof, and any purported agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of it in whole or in part unless such purported agreement is in writing and signed by the party against whom enforcement is sought.

19.6 This Lease shall be governed and interpreted in accordance with the laws of the state of California.

19.7 The unenforceability, invalidity or illegality of any provision of this Lease shall not render the other provisions unenforceable, invalid or illegal.

19.8 The section headings are inserted only as a matter of convenience and reference and in no way define, limit or describe the scope of any section of this Lease nor the intent of any of its provisions.

19.9 Each party represents to the other that it has not engaged or used the services of any broker, finder or salesperson in connection with this Lease.

19.10 This Lease may be executed in multiple counterparts each of which shall be deemed an original for all purposes.

19.11 Upon the expiration or earlier termination of this Lease for any reason, Tenant shall within three (3) business days following written request by Landlord, deliver to Landlord an executed, acknowledged and recordable quitclaim deed conveying to Landlord any and all interest Tenant may have under this Lease.

19.12 Nothing contained herein shall be deemed to limit, restrict, amend or modify, or to constitute a waiver or release of any ordinances, notices, orders, rules, regulations or requirements (now or

hereafter enacted or adopted and/or as amended from time to time) of the City of Rancho Cucamonga. For purposes of this Lease, and notwithstanding anything in this Lease which may be construed to the contrary, Landlord is acting in its capacity as an owner of property and not as a governmental agency.

20. ENVIRONMENTAL MATTERS.

20.1 The term "Hazardous Substance" shall mean any pollutant, contaminant, toxic or hazardous waste, dangerous substance, potentially dangerous substance, noxious substance, toxic substance, flammable, explosive, radioactive material, urea formaldehyde foam insulation, asbestos, PCB's, or any other substances the removal of which is required, or the manufacture, production, generation, use, maintenance, disposal, treatment, storage, transfer, handling or ownership of which is restricted, prohibited, regulated or penalized by any federal, state, county, or municipal statutes or laws now or at any time hereafter in effect, including but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act (U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Sections 6901, et seq.), the Federal Water Pollution Control Act (33 U.S.C. Sections 1251, et seq.), the Clean Air Act (42 U.S.C. Sections 7401, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), and the Occupational Safety and Health Act (29 U.S.C. Sections 651, et seq.), as these laws have been amended or supplemented.

20.2 Tenant shall not use, or permit others to use, the Premises for the production, generation, manufacture, treatment, transportation, storage or disposal of any Hazardous Substance, whether or not in compliance with any and all applicable federal, state and local environmental laws, ordinances and regulations. Provided however, Tenant, without Landlord's prior consent, shall be allowed (in strict compliance with all laws), to utilize ordinary quantities of Hazardous Substances customarily used in general office use and in compliance with the use of the Premises allowed herein (i.e., cleaning supplies, copier toner and similar items). Tenant shall immediately notify Landlord of (a) any release or discharge by Tenant or any other occupant of the Premises (or alleged release or discharge) of a Hazardous Substance, or (b) of any notice of violation or alleged violation of any law regarding any Hazardous Substance received by Tenant or any other occupant of the Premises.

20.3 Without limiting Tenant's other obligations and liabilities hereunder, Tenant shall indemnify, defend and hold Landlord its officers, tenants and employees harmless, from and against any and all claims, damages, expenses, penalties, liabilities and costs resulting or arising from a breach of the covenant contained in Section 20.2.

20.4 The provisions of this Section 20 shall survive the expiration or termination of this Lease.

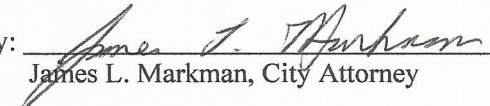
IN WITNESS WHEREOF, and intending to be legally bound hereby, Landlord has caused this Lease to be executed on its behalf by a duly authorized officer, and Tenant has caused this Lease to be executed on its behalf by a duly authorized officer of Tenant, as of the day and year first written above.

LANDLORD:

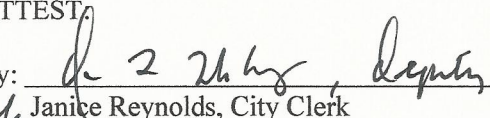
CITY OF RANCHO CUCAMONGA,
A California municipal corporation

By: 
John Gillison, City Manager

APPROVED AS TO FORM:

By: 
James L. Markman, City Attorney

ATTEST:

By: 
Janice Reynolds, City Clerk

TENANT:

ALTA LOMA RIDING CLUB
A California 501 c4 nonprofit public benefit corporation

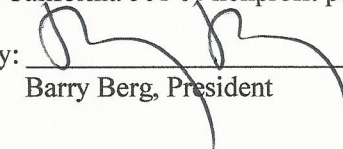
By:  Pres
Barry Berg, President

EXHIBIT A

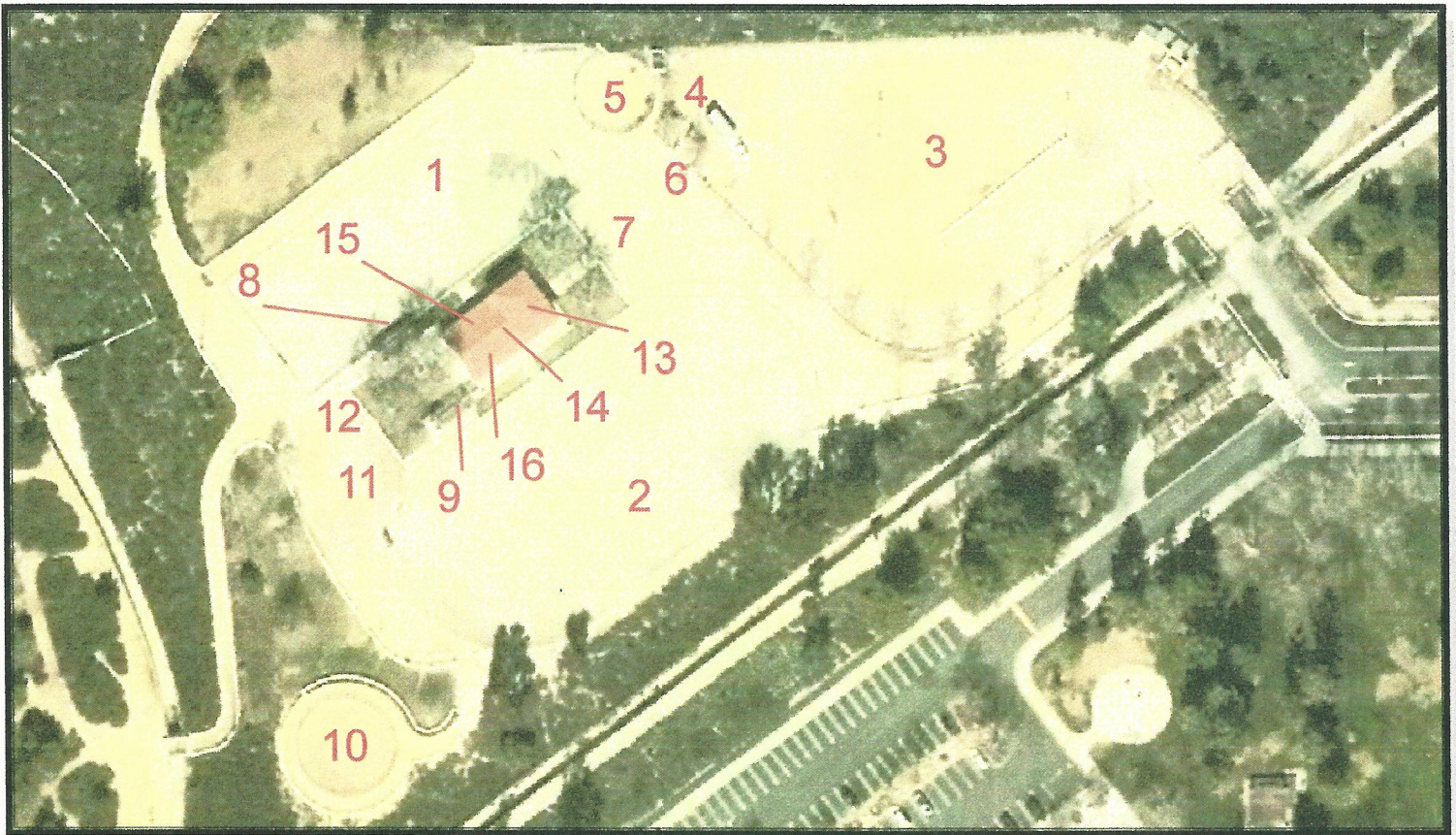
LEGAL DESCRIPTION

5546 Beryl Street

Parcel Number: 106164107-0000

The Equestrian Center (Premise) is a portion of Heritage Park (Property) defined as:
CUCAMONGA HOMESTEAD ASSN THAT PTN LOTS 7 AND 8 BLK 14 LYING SELY
OF THAT PTN DEEDED TO FLOOD CONTROL AS PARCEL A IN DOCUMENT
RECORDED 8-31-81 BO 192190 EX THAT PTN.

EXHIBIT B MAP OF PREMISES



LEGEND

1. North Arena
2. South Arena
3. Shared Parking Lot
4. Hitch Area #1
5. Lunge Pen #1
6. Water Trough
7. Hitch Area #2
8. North Grandstands
9. South Grandstands
10. Lunge Pen #2
11. Hitch Area #3
12. Water Trough
13. Show Office
14. Storage
15. Rest Rooms
16. Kitchen