

**CITY OF REDLANDS
RENTAL AGREEMENT**

Preamble

This Agreement is made and entered into on February 15, 1995, by and between the City of Redlands, a municipal corporation, ("Landlord"), and Sunkissed Squares Round Dance Club ("Tenant").

Landlord, for an in consideration of the rent to be paid by Tenant and of the covenants and provisions to be kept and performed by Tenant under this agreement, hereby rents to Tenant, and Tenant agrees to rent from Landlord, the following: the multi-purpose room in the Redlands Community Center located at 111 West Lugonia Avenue, Redlands, California, (the "Premises").

ARTICLE 1. TERM OF AGREEMENT

Term

Section 1.01. This Agreement shall be on a month-to-month basis, commencing at 12:01 a.m. on February 15, 1995 ("Commencement Date"), until terminated or cancelled by Landlord by providing written notice of such cancellation to Tenant thirty (30) days prior to the date of cancellation.

ARTICLE 2. RENT

Minimum Rent

Section 2.01. Tenant agrees to pay to Landlord, a fixed minimum rental for the use the Premises (the "Minimum Rent"). The amount of Minimum Rent payable for each month during the Term shall be \$100.00. The Minimum Rent shall be payable on the first day of each and every month commencing February 15, 1995 (the "Rent Commencement Date"), at the office of Landlord at 111 W. Lugonia Avenue, Redlands, California, or at any other place or places as Landlord from time to time designate by written notice delivered to Tenant. Minimum Rent for partial calendar months occurring at the commencement or termination of the term of this Agreement shall be prorated accordingly.

Deposit

Section 2.02. The \$200.00 refundable deposit has been waived, due to being covered by Sunkissed Square Dancing Club. The Landlord may, at its sole discretion, retain the entire deposit or portions thereof to pay for repairs and/or cleaning services required as a result of Tenant activities.

ARTICLE 3. USE OF PREMISES

Permitted Use

Section 3.01. During the term of this Agreement the Premises shall be used for the exclusive purpose of offering dances and dance classes, for uses normally incident to that purpose, and for no other purpose. Tenant shall not use or permit the Premises to be used for any other purpose, without the prior written consent of the Landlord.

Operation of Business

Section 3.02 During the term of this Agreement, Tenant shall, unless prevented by conditions beyond Tenant's control, conduct business of the type and nature specified in Section 3.01 of this agreement on the Premises in a diligent and business-like manner. The Premises shall be used each Wednesday of every month, from 7:45 p.m. to 9:45 p.m.

Insurance Hazards

Section 3.03. Tenant shall not commit or permit the commission of any acts on the Premises nor use or permit the use of the Premises in any manner that will increase the existing rates for or cause the cancellation of any fire, liability, or other insurance policy insuring the premises or the improvements on the Premises. Tenant shall, at its own cost and expense, comply with any and all requirements of Landlord's insurance carriers necessary for the continued maintenance at reasonable rates of fire and liability insurance policies on the Premises and the improvements on the Premises.

Waste or Nuisance

Section 3.04. Tenant shall not commit or permit the commission by others of any waste on the Premises. Tenant shall not maintain, commit, or permit the maintenance or commission of any nuisance on the Premises as defined in Civil Code Section 3479, and Tenant shall not use or permit the use of the Premises for any unlawful purpose.

Compliance with Laws

Section 3.05. Tenant shall, at Tenant's own cost and expense, comply with all statutes, ordinances, regulations, and requirements of all governmental entities, both federal and state and county or municipal, (including those requiring capital improvements to the Premises) relating to Tenant's use and occupancy of the Premises whether those statutes, ordinances, regulations, and requirements are now in force or are subsequently enacted. The judgement of any court of competent jurisdiction, or the admission by Tenant in a proceeding brought against Tenant by any governmental entity, that Tenant has violated any such statute, ordinance, regulation, or requirement shall be conclusive as between Landlord and Tenant and shall constitute grounds for termination of this Agreement by Landlord.

ARTICLE 4. UTILITIES

Utilities

Section 4.01. Landlord shall pay, and hold Tenant free and harmless from, all charges for the furnishing of gas, water, sewer, electricity, garbage pickup and disposal utilities to the Premises during the term of this Agreement. Telephone charges shall be paid by Tenant directly to the provider of the service and shall be paid as they become due and payable but in any event before delinquency.

ARTICLE 5. INDEMNITY AND INSURANCE

Section 5.01. Tenant agrees to defend, indemnify, and save Landlord harmless from and against any all liability to Tenant and third parties resulting from Tenant's, and its agents, employees and invitee's occupation and use of the Premises, specifically including without limitation, any claim, liability, loss, or damage arising by reason of:

(a) The death or injury of any person or persons, including Tenant or any person who is an employee or agent of Tenant, or by reason of the damage to or destruction of any property, including property owned by Tenant or any person who is an employee or agent of Tenant, and caused or allegedly caused by either the condition of the Premises, or some act or omission of Tenant or of some agent, contractor, employee, servant, subtenant, or concessionaire of Tenant on the Premises;

(b) Any work performed on the Premises or materials furnished to the Premises at the insistence or request of Tenant or any agent or employee of Tenant; and

(c) Tenant's failure to perform any provision of this Agreement or to comply with any requirement of law or any requirement imposed on Landlord or the Premises by any duly authorized governmental agency.

Public Liability and Property Damage Insurance

Section 5.02. Tenant shall, at its own cost and expense, procure and maintain during the entire term of this lease public liability insurance and property damage insurance issued by an insurance company acceptable to Landlord and insuring Landlord against loss or liability caused by or connected with Tenant's occupation and use of the Premises under this lease in amounts not less than:

(a) One Million Dollars (\$1,000,000) for injury to or death of one person and, subject to that limitation for the injury or death of one person, of not less than Two Million Dollars (\$2,000,000) for injury to or death of two or more persons as a result of any one accident or incident; and

(b) Five Hundred Thousand Dollars (\$500,000) for damage to or destruction of any property of Tenant or others.

The insurance required under this section shall be issued by a responsible insurance company or companies authorized to do business in California and shall be in a form reasonably satisfactory to Landlord. Tenant shall within ten (10) days of the date of this lease, deposit with Landlord a certificate showing that insurance to be in full force and effect.

(C) The insurance required by this section shall name Landlord as an additional insured and such insurance shall be primary and non-contributing to any other insurance or self-insurance maintained by Landlord.

Tenant's Personal Property

Section 5.03. Tenant shall, during the full term of this lease and any renewals or extensions thereof, maintain at Tenant's own cost and expense an insurance policy issued by a reputable company authorized to conduct insurance business in California insuring for their full insurable value all fixtures and equipment at any time during the term of this lease, in or on the Premises against damage or destruction by fire, theft or the elements.

Cancellation Requirements

Section 5.05. Each of the insurance policies shall be in a form reasonably satisfactory to Landlord and shall carry an endorsement that, before changing or canceling any policy, the issuing insurance company shall give Landlord at least 30 days' prior written notice. Duplicate originals or certificates of all such insurance policies shall be delivered to Landlord.

ARTICLE 6. MISCELLANEOUS

Restriction Against Subletting or Assignment

Section 6.01. Tenant shall not encumber, assign, or otherwise transfer this Agreement, any right or interest in this Agreement, or any right or interest in the Premises or any of the improvements that may now or hereafter be constructed or installed on the Premises without first obtaining the express written consent of Landlord. Tenant shall not sublet the premises or any part of the Premises or allow any other person, other than Tenant's agents, servants, and employees, to occupy the Premises or any part of the Premises without the prior written consent of Landlord. The consent by Landlord to one assignment, one subletting, or one occupation of the Premises by another person shall not be deemed to be a consent to any subsequent assignment, subletting or occupation of the Premises by another person. Any encumbrance, assignment, transfer, or subletting without the prior written consent of Landlord, whether voluntary or involuntary, by operation of law or otherwise, is void and shall at the option of Landlord, terminate this Agreement. The consent of Landlord to any assignment of Tenant's interest in this lease or the subletting by Tenant of the Premises or parts of the Premises shall not be unreasonably withheld.

Attorneys' Fees

Section 6.02. If any litigation is commenced between the parties to this Agreement concerning the Premises, this Agreement, or the rights and duties of either in relation to the premises or to this Agreement, the party prevailing in that litigation shall be entitled to, in addition to any other costs and relief that may be granted in the litigation, a reasonable sum as and for its attorneys' fees in that litigation that are determined by the court in that litigation or in a separate action brought for that purpose.

Notices

Section 6.03. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Agreement or by law to be served on or given to either party to this lease by the other party to this Agreement shall be in writing and shall be deemed duly served and given when personally delivered to the party to whom they are directed, or in lieu of personal service, when deposited in the United States mail, first-class postage pre-paid, addressed to Tenant at Gene D. Arnold, 1439 De Anza Street, Redlands, California, 92374, or to Landlord at 111 W. Lugonia Avenue, Redlands, California, 92374. Either party, tenant or Landlord, may change its address for the purpose of this section by giving written notice of that change to the other party in the manner provided in this section.

Entire Agreement

Section 6.04. This instrument constitutes the entire agreement between Landlord and Tenant respecting the Premises, the leasing of the Premises to Tenant, or the term created under this Agreement, and correctly sets forth the obligations of Landlord and Tenant to each other as of its date. Any agreements or representations respecting the Premises or their renting by Landlord to Tenant not expressly set forth in this instrument are null and void.

Time of Essence

Section 6.05. Time is expressly declared to be of the essence in this lease.


Executed on April 7, 1995, at Redlands, California.

CITY OF REDLANDS (LANDLORD)

ATTEST:



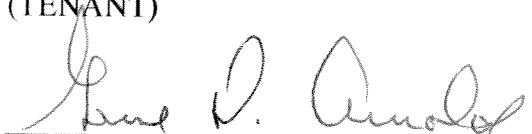
Swen Larson, Mayor



City Clerk

SUNKISSED SQUARED ROUND DANCERS
(TENANT)

ATTEST:



GENE D. ARNOLD