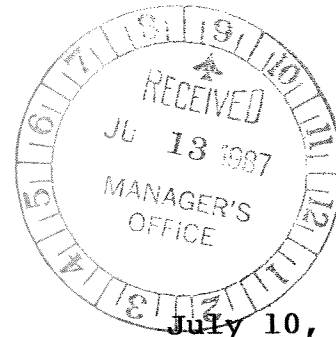


LAW OFFICES OF
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To: CITY OF REDLANDS
30 CAJON STREET
REDLANDS, CA 92373

Attention: JOHN HOLMES
CITY MANAGER

RE: Redlands Bicycle Classic, Inc.
Agreement Regarding Bicycle Races

We Enclose The Following:

Two originals of the City's agreement with Redlands Bicycle Classic, Inc., which have been signed by Dallas Holmes as City Attorney.

Please note that you must provide Exhibits "A" and "B" to these agreements.

Please contact me if you have any questions.

Very Truly Yours,

BEST, BEST & KRIEGER

Dorothy Hernandez
Secretary to
DALLAS HOLMES

AGREEMENT REGARDING BICYCLE RACES

This Agreement is made by and between the City of Redlands, a municipal corporation (the "City"), and Redlands Bicycle Classic, Inc., a California nonprofit public benefit corporation (the "Corporation").

RECITALS

A. Since 1985, the City has sponsored the "Redlands Bicycle Classic," a bicycle race which has been sanctioned by the United States Cycling Federation (and may in the future become engaged in other affiliations), which has become increasingly important in the international bicycle tour, and which has been a great economic and cultural benefit to the City.

B. The City has determined it is in the best interests of the public that another entity organize and sponsor the races, as a City event, as well as conduct the races as the City's agent.

C. In 1986, the City formed the Corporation for the purpose of organizing and sponsoring national and international amateur and professional bicycle races and exhibitions.

D. The City and the Corporation intend that all expenses directly incurred in connection with such bicycle

races will be paid from revenues generated to the City and the Corporation from the races and related activities, and that any excess revenues will be allocated to the City.

E. The parties desire by this Agreement to set forth the terms and conditions for the use of City property and facilities in connection with such bicycle races and related events, establish the financial relationship and responsibilities between the parties, and provide guidelines for the running of the races.

AGREEMENT

The parties agree:

1. Management of the Races.

a. Subject to the City's rights provided by this Agreement, the Corporation shall have the full right and responsibility to organize, sponsor, manage, supervise, and control the running of the Redlands Bicycle Classic; such other local, national, and international amateur and professional bicycle racing competitions and exhibitions as the parties shall from time to time agree; and related activities. The Corporation is, with respect to the actual conduct of the races, hereby appointed as the City's agent in conducting the races. The Corporation's tasks shall include, but are not limited to, the following:

(1) Planning and controlling all aspects of the Redlands Bicycle Classic, other races, and related events, such as publicity, registration, housing, volunteers, souvenirs, concessions, and prizes;

(2) Coordinating the events of the races with the Redlands business community;

(3) Contacting and coordinating sponsors;

(4) Except as provided herein, negotiating and contracting for all goods, supplies, materials and services necessary for the running of the races; and

(5) Granting and coordinating all television, radio, cable, broadcasting and recording rights to the races.

b. Periodically, at mutually agreed upon times, an authorized representative of the Corporation shall meet with the City Manager or his designated representative, shall inform him of the content and progress of all negotiations conducted pursuant to sections 1(a)(12) and 1(a)(13) above, and shall obtain and consider his advice and recommendations on such negotiations and plans. Upon request by the Corporation, the City Manager and other City representatives will participate in and assist the Corporation with the negotiations and plans.

c. Notwithstanding the foregoing provisions or any other provisions of this Agreement, the Corporation shall have no right or authority to contract or incur any

liability on behalf of the City, and shall have no right to use the name or credit of the City without the City's express prior consent.

2. Licenses to Use City Property and Facilities.

a. The City grants to the Corporation a license to use, for the running of the races and related activities, public property such as streets, parks, facilities, and parking areas of the City, at such times and in such a manner as the parties shall from time to time mutually agree. The City Manager or his designee shall be authorized to act on behalf of the City, subject to the approval of the City Council.

b. The City shall have the responsibility for arranging or providing police, crowd control, and other security services necessary for the races and related activities. The City Manager or his designee and representatives of the Corporation shall meet to discuss and coordinate such arrangements with the activities planned by the Corporation.

c. Nothing in this Agreement gives the Corporation the right to engage or permit the use of any aircraft, parachutist, balloonist, or other similar hazardous activity, performance or event in conjunction with its use of City property. No such activity, performance or event will be permitted except in consultation with and approval by the City Manager, as reviewed and approved by

the City Attorney and the City's Management Services Director.

d. With respect to all City property and facilities licensed to the Corporation, the Corporation and its concessionaries shall comply with all City, county, state and federal laws and regulations now or hereafter in force that apply to their use of such property or facilities, and shall obtain all licenses and permits required in connection with their use of such property or facilities.

e. The City Manager and his authorized representatives shall have the right to review in advance all plans by the Corporation for maintenance, repairs or alterations on any City property or facilities leased or licensed to the Corporation, and to make any changes in such plans that he deemed to be in the City's best interest, and to suspend or terminate any use of City property or facilities licensed to the Corporation, and to require immediate vacation of such property or facility, if he determines that the use will be detrimental to the health, welfare, safety or morals of the people of the City.

3. Trademarks and Trade Names. The City shall have no right, title, or interest in the Corporation's trademarks or trade names, except for any limited right to use such trademarks and trade names as set forth in separate agreements from time to time.

4. Expenses, Income, and Allocation of Revenue.

a. Each year during the term of this Agreement, the City and the Corporation shall determine the net income or net loss arising from the races and related activities, and shall allocate such net income or net loss as follows:

b. The net income or net loss shall be determined and divided each year as follows:

(1) Not later than September 1, each party will determine the total Included Expenses incurred by that party in the Redlands Bicycle Classic, other races, and related activities held during the twelve months immediately preceding that September 1. "Included Expenses" are defined as recurring or one-time expenses in any amount that are directly and necessarily related to the races and related activities. The specific items of Included Expenses for each party are set forth in Exhibit "A", attached hereto and incorporated herein.

(2) Not later than September 1, each party shall also determine the total Included Income received by that party in connection with the races and related activities held during the twelve months immediately preceding that September 1. "Included Income" is defined as those items of income derived directly from the races and related activities. The specific items of Included Income for each party are set forth in Exhibit "B", attached hereto and incorporated herein.

(3) Not later than September 15, the authorized representatives of the parties shall meet and jointly determine in writing their total combined Included Expenses and combined Included Income. If the combined Included Income exceeds the combined Included Expenses, the Corporation will retain any excess Included Income sufficient to create an Operating Reserve Fund equal to approximately fifty percent (50%) of the anticipated Included Expenses for the next Redlands Bicycle Classic or other races or related activities, and the Corporation will donate any excess over that amount to the City for any lawful projects or purposes which the Corporation may designate. If the combined Included Expenses exceed the combined Included Income, the excess Included Expenses shall be allocated to the City and held as a credit against excess Included Income in future years. In either case, any financial adjustment between the parties shall be made not later than September 30.

c. Between October 1 and November 15 of each year, authorized representatives of the parties shall meet at a mutually convenient time and place, shall review each party's items of Included Expenses and Included Income, and shall mutually determine whether there will be any changes, deletions or additions to such items for the next Redlands Bicycle Classic, other races, or related activities. If the parties agree to any changes, deletions or additions,

Exhibits "A" and "B" shall be revised accordingly. The revised exhibits shall be dated and signed by the City Manager and an authorized representative of the Corporation, shall be incorporated into this Agreement, shall supersede all prior Exhibits "A" and "B", and shall be used to determine Included Expenses and Included Income for the next bicycle races and related activities.

5. Accounting System and Audit Rights.

a. The Corporation hereby appoints the City and the Treasurer of the City as its financial agents in handling all monies generated by the Corporation and all funds to be expended by the Corporation. The City shall maintain such funds in a separate interest-bearing account in the name of the Corporation and shall provide the Corporation with periodic reports and statements concerning its account. The City shall cooperate with and provide necessary assistance to the Corporation's accountants and auditors in preparing any statements, tax returns or other reports for the Corporation.

b. The City, the Corporation, or the authorized auditors or representatives of either party shall have access to and the right at all reasonable times to audit, excerpt, reproduce, and transcribe any of the other party's records to the extent necessary to ensure that each party has received or is receiving all money to which it is entitled under this Agreement or for other purposes related

to this Agreement. Such records include, without limitation, journals, ledgers, records of accounts payable and receivable, profit and loss statements, financial statements, bank statements, invoices, receipts, subcontracts, agreements, notes, correspondence, memoranda, and any other documents required by the City or by the laws or regulations of any local, state or federal governmental agency. Each party shall maintain and preserve such records for at least one year after termination of this Agreement.

6. Term. The term of this Agreement shall be twenty-five years from the date of execution, unless terminated earlier as provided below.

7. Renegotiation and Termination.

a. This Agreement shall be subject to renegotiation if any of the following events occur:

(1) The City Council determines that City's expenses relating to the races and related activities are unduly burdensome;

(2) There is a change in any City ordinance that directly affects the running of the races and related activities;

(3) The Corporation becomes insolvent, is declared a bankrupt, makes an assignment for benefit of its creditors, elects to wind up and dissolve, or loses its status as a tax-deductible, nonprofit organization;

(4) The Corporation elects not to run the races or related activities; or

(5) The United States Cycling Federation rules, regulations or policies are changed, rescinded or invalidated such that there is likely to be an adverse impact on broadcast rights, income, or the ability of the Corporation to run the races.

b. If any of the above events occur, either party may give written notice to the other that an event has occurred which makes the Agreement subject to renegotiation. Within thirty days of such notice, the authorized representatives of the parties shall meet to consider such renegotiation. If, after the exercise of good faith efforts, the parties are unable to agree on a mutually satisfactory renegotiation, either party may terminate the Agreement upon ninety days written notice to the other. However, if such notice of termination is given less than four months prior to any scheduled races, the Agreement shall not be terminated until such races have been completed and all the expenses have been paid.

8. Indemnity. The Corporation shall indemnify, hold harmless and defend the City, the City Council and every member thereof, and every officer and employee of the City, against any and all loss, liability, costs, expenses, and damages of any kind (whether in contract or tort, including personal injury, death and property damage), and

against any claims, liens, demands, or actions in law or equity (including attorneys' fees and legal expenses), except for any of the foregoing which occur because of the negligence or wrong-doing of the City, its agents or its employees, arising directly or indirectly from:

a. Any use of City streets, parks, facilities, or any other property by the Corporation or its employees, agents, representatives, vendors, or contractors, including any broadcast or media personnel, but not including race participants; or

b. Any act or omission of the Corporation or its employees, agents, representatives, vendors, or contractors, including any broadcast or media personnel, in connection with the Corporation's duties hereunder.

9. Insurance.

a. Without limiting the Corporation's obligations under Paragraph 8 above, the Corporation shall procure and maintain in full force and effect during the term of this Agreement the following insurance policies, issued by a company satisfactory to the City:

(1) General liability and automobile insurance, insuring the Corporation and the City against liability of any nature on account of personal injury, death or property damage arising out of or in connection with the use of City property or facilities licensed to the Corporation, including the costs of defending any claim or action

at law or in equity, but not including any liability arising out of the actual conduct of the races. Such liability policy or policies shall name the City, its officers and employees as additional insureds, and shall be in at least the following amounts:

(a) \$500,000 for death or injury to any one person;

(b) \$1,000,000 for death or injury to more than one person in any one accident;

(c) \$100,000 for property damage in any one accident.

(2) Workers' compensation insurance in the amounts required by California law.

b. All such insurance policies shall specifically provide that they will not be cancelled or materially changed without thirty days prior written notice to the City. Within thirty days after the date of execution of this Agreement, the Corporation shall file with the City Clerk a certificate evidencing such insurance coverages in the amounts and with the conditions stated above. The Corporation shall be responsible for paying, when due, all premiums required to maintain the above insurance coverages in full force and effect. The parties shall review such liability insurance policy or policies periodically, at least every three (3) years, to assess the adequacy of the coverage provided and to make any mutually agreed adjustments.

c. The City shall obtain and maintain, or make arrangements therefor, insurance coverage for liability arising from the actual conduct of the races, except that the Corporation shall obtain and maintain a policy, through the United States Cycling Federation, to provide up to \$1,000,000 liability coverage for members of the Federation who participate in the races.

10. Nonassignability. Neither party may assign or delegate any of its rights, interest, licenses, privileges, or obligations hereunder without the express prior written consent of the other party.

11. Entire Agreement. This Agreement contains the entire agreement and understanding between the parties with respect to the matters covered by this Agreement, and no prior agreements or understandings pertaining to these matters shall be effective for any purpose. The headings used herein are for purposes of convenience only and shall not be used in construing the provisions hereof.

12. Amendments. Any amendments to this Agreement must be in writing and signed by both the the City Manager and an authorized representative of the Corporation.

13. Nonwaiver. Any waiver of any provision, covenant, or condition of this Agreement shall be in writing and signed by both parties. Any such waiver shall not be construed as a waiver of any other term or condition hereof nor shall it be construed as a waiver of the same term,

provision, covenant, or condition to any other person or circumstance.

14. Validity. This Agreement is severable. The invalidity of any term, provision, covenant, or condition of this Agreement shall not affect the validity or enforceability of any other term, provision, covenant or condition hereof.

15. Further Assurances. The parties agree to execute such other documents and perform such further acts as may be necessary or desirable to carry out the purposes of this Agreement.

16. Notices. All notices required by this Agreement shall be in writing and shall be delivered in person or sent by certified United States mail to the other. A notice delivered in person will be effective immediately upon delivery. A notice sent by mail will be effective upon receipt or three calendar days after the postmark date, whichever is earlier.

17. Execution. Executed this 7th day of July,
1987, at Redlands, California.

CITY OF REDLANDS

By: Carole Besner
Mayor of the City
of Redlands

By: John E. Holmes
City Manager

ATTEST:

Debbie Pappas
City Clerk

REDLANDS BICYCLE CLASSIC, INC.

By: Carole Besner
President

By: Linda Emmerson
Secretary

APPROVED AS TO FORM:

Dated: 9 July 87
Dallas Holmes
City Attorney

EXHIBIT "A"
Included Expenses
[to come]

EXHIBIT "B"
Included Income
[to come]