

LEASE

THIS LEASE (the "Lease") is made and entered into as of November 23, 2011, by and between the **CITY OF LANCASTER**, a California charter city and municipal corporation (the "Landlord"), and **MITRA LICCIARDI**, an individual doing business as **CEDAR PERFORMING ARTS ACADEMY** (the "Tenant").

RECITALS

A. Landlord currently has the right to possess certain real property located at 44851 Cedar Avenue in the City of Lancaster, California (the "Property"). The Property is described in the Legal Description attached hereto as Exhibit "A" and incorporated herein.

B. Tenant desires to lease, occupy and use that certain portion of the Property consisting of the second floor of the Memorial Hall office building and the former jail storage room (the "Premises") and to make occasional and temporary use of the main auditorium (the "Auditorium") located on the Property, all subject to the terms and conditions set forth in this Lease. The Premises and Auditorium are visually depicted on the Site Map attached hereto as Exhibit "B" and incorporated herein. Tenant acknowledges that the Auditorium and Premises do not include, among other areas, the Los Angeles County Sheriff's Department substation located within the area designated on the Site Map at the "606 Building" and the area designed on the Site Map as the "Art Gallery."

NOW, THEREFORE, the Landlord and the Tenant agree as follows:

1. Lease of Premises; License to Use Auditorium.

(a) Lease of Premises. Subject to the terms and conditions set forth herein, as of the Commencement Date of this Lease, Landlord hereby leases the Premises to Tenant.

(b) License to Use Auditorium. Subject to the terms and conditions set forth herein, Landlord hereby grants to Tenant a non-exclusive license (the "License") to enter all or any part of the Auditorium for events held and conducted in connection with the Tenant's business known as the Cedar Performing Arts Academy.

(i) Standard Hours of Operation. Tenant's use of the Auditorium shall be limited to between the hours of 10:30 a.m. and 10:00 p.m. on Mondays, Tuesdays, Wednesdays and Fridays, 10:30 a.m. and 7:00 p.m. on Thursdays, and 9:00 a.m. and 4:00 p.m. on Saturdays (collectively, the "Operational Hours"). Notwithstanding the foregoing, Landlord may designate up to four (4) Saturdays (the "Excluded Saturdays") per calendar year that shall be excluded from the Operational Hours and the License granted herein; provided, that Landlord shall provide to Tenant in January of each year a list of Excluded Saturdays for that calendar year. Tenant's use of the Auditorium at any time outside the Operational Hours shall require Landlord's prior written consent, which consent may be granted or withheld in Landlord's sole discretion.

(ii) Restoration of the Auditorium. Tenant shall be responsible for restoring the Auditorium each Thursday and Saturday evening the condition that existed prior to the Tenant's use of the Auditorium.

(iii) Special Events. Tenant may use the Auditorium pursuant to the License for special events that occur and/or take place outside of the Operational Hours; provided, however, that in such case Tenant shall be required to submit to Landlord (at the address set forth in Section 14) not less than 10 business days in advance a written application for such use, shall execute a license agreement and/or any other document(s) that Landlord generally requires prior to granting a license for the use of the Auditorium, shall secure and maintain the type and amount of insurance Landlord generally requires prior to granting a license for the use of the Auditorium, shall prepare and implement a security plan for the special event that is reasonably acceptable to Landlord (if and to the extent required by Landlord), and shall be responsible for restoring the Auditorium to the condition that existed prior to the Tenant's use of the Auditorium for the special event. If a special event is to continue for more than one (1) day, the set and/or props related to such special event may remain on the Auditorium stage for up to two (2) consecutive weekends (which shall include any technical rehearsal week).

(iv) Tenant or Designee to be Physically Present. Tenant or Tenant's designee shall be physically present at all times when the Auditorium is occupied or being used pursuant to the License. Within ten (10) days of the date of this Lease, Tenant shall provide to Landlord a list of designees that Tenant has duly authorized and appointed to act in Tenant's place and on Tenant's behalf, along with a written statement indicating that Tenant agrees to assume any and all responsibility and liability for any act and/or omission of a designee while such designee is acting as Tenant's designee for purposes of the License.

(v) Landlord's Right to Conduct Safety Inspections. Landlord shall have the right (but not the obligation) to conduct technical and safety inspections of all stage and other equipment utilized and/or assembled within the Auditorium by Tenant (and/or Tenant's agent/designee) pursuant to the License.

(vi) No Construction. If and to the extent Tenant's use of the Auditorium involves a set and/or prop(s), such set and/or prop(s) may be assembled within the Auditorium. Under no circumstance, however, may Tenant construct, create or fabricate any set and/or prop(s) within the Auditorium.

2. Term. The original term of this Lease and the Licenses granted in Section 1 shall commence at 12:00 a.m. on January 1, 2012 (the "Commencement Date"), and shall continue through and include June 30, 2013 (the "Original Term"). Upon its expiration, the Original Term shall automatically extend and renew for three (3) consecutive one (1) year terms (each, an "Automatic Extension Period"); provided, however, that either party may prevent any such automatic renewal and extension by providing written notice of termination to the other party at least ninety (90) days prior to the commencement of any Automatic Extension Period. As used herein, "Term" shall refer to and mean the Original Term and any Automatic Extension Period. Tenant shall vacate and deliver possession of the Premises to Landlord at or before the expiration of the Term. TENANT EXPRESSLY ACKNOWLEDGES AND AGREES THAT TENANT SHALL HAVE NO RIGHT OR AUTHORITY TO ENTER ONTO OR POSSESS THE PREMISES OR AUDITORIUM AT ANY TIME AFTER THE EXPIRATION OF THE TERM. Notwithstanding any other provision of this Lease, in the event Landlord transfers, sells or otherwise conveys its fee interest in and title to the Property, either party may terminate this Lease upon 30 days notice to the other party. Upon termination of this Lease, regardless of the reason for such termination, Tenant shall immediately return any and all keys to the Premises and/or Auditorium to Landlord and shall within ten (10) days

thereafter pay to Landlord an amount equal to the cost of rekeying or replacing each and every lock that was accessible with such keys.

3. Rent. Tenant shall pay One Thousand Three Hundred Dollars (\$1,300.00) rent per month, in advance, on the first day of each month to Landlord at the address designated in Section 14 of this Lease (the "Rent"). Rent is considered late as of the close of business on the fifth (5th) day of each month. Notwithstanding any other provision of this Lease, the first rent payment shall be due and payable on January 1, 2012.

4. No Assignment. Tenant shall not sell, assign, sublease, or otherwise transfer this Lease or any right therein, nor make any total or partial sale, assignment, sublease, or transfer in any other mode or form of the whole or any part of the Premises or any improvements thereon (each of which events is referred to in this Lease as an "Assignment"), without prior written approval of the Landlord; it is not contemplated that any such permission will be granted, and any such permission shall be at the sole and absolute discretion of the Landlord. Any purported assignment without the prior written consent of the Landlord shall be null and void and shall confer no rights whatsoever upon any purported assignee or transferee.

5. Utility Services. During the Term, Landlord shall pay or provide for the payment of the following (and only the following) utility services: (i) electrical utility service; (ii) gas service; (iii) water service; and (iv) trash service. Tenant shall pay or provide for the payment of any other cost, utility or other service utilized by Tenant during the Term.

6. Use of Premises and Auditorium. During the Term of this Lease, the Premises and Auditorium shall be used for the exclusive purpose of operating and conducting the Tenant's business known as the Cedar Performing Arts Academy, for uses normally incident to that purpose, and for no other purpose. Tenant shall not use or permit the Premises or Auditorium to be used for any other purpose, without prior written consent of the Landlord. If and to the extent any other person or entity has the right to possess or make use of the Property and/or Auditorium, Tenant agrees to and shall not obstruct or otherwise interfere with such person's or entity's possession or use of the Property and/or Auditorium.

7. Condition of Premises and Auditorium. Tenant accepts the Premises and Auditorium in an "as is" condition. Landlord expressly disclaims any warranty or representation with regard to the condition, safety, security or suitability for Tenant's intended use of the Premises and Auditorium.

8. Building Maintenance and Repair. Landlord shall, at its sole cost and expense, keep and maintain the roof, foundation and structural and operating parts (*e.g.*, cooling, heating, air conditioning, plumbing equipment and fixtures) of the Premises and Auditorium in a condition and repair similar to its original condition and repair, reasonable wear and tear excepted. Specifically with respect to the Premises, Tenant shall, at its sole cost and expense, perform or cause to be performed all interior maintenance (*e.g.*; maintenance relating to floors, doors, toilets, light replacement, etc.). Replacement and repair parts, materials and equipment used by Tenant to fulfill its obligation hereunder shall be of a quality equivalent to those initially installed within the Premises. All repair work shall be done in accordance with the then existing federal, state and local laws, regulations and ordinances pertaining thereto. Prior to the commencement of the Term, Tenant and Landlord shall perform a joint walk-through inspection (the "Inspection") of the Premises and Auditorium in order to document the physical condition of such areas. Landlord and Tenant shall

jointly prepare and execute a written report summarizing the results of the Inspection, which, once completed and executed, shall be attached as an exhibit to this Lease.

9. Nuisance or Unlawful Uses; Hazardous Materials; Compliance with Laws.

(a) Tenant shall keep the Premises and Auditorium (if and when utilized pursuant to the License) in a clean and sanitary condition satisfactory to the Landlord at all times during the Term of this Lease and License. No dust, offensive or refuse matter, nor substance constituting an unnecessary, unreasonable or unlawful hazard or material detrimental to the public health shall be permitted or remain thereon, and Tenant shall prevent any such matter or material from accumulating in the Premises and/or Auditorium.

(b) Tenant shall not commit, or permit or suffer the commitment by any sublessee, licensee, invitee, or guest of Tenant, of waste or nuisance on the Premises, nor shall it use or allow the Premises or Auditorium to be used in violation of federal, state, county or city laws, ordinances or regulations.

(c) Tenant shall not store or stockpile or permit to be stored or stockpiled upon the Premises or within the Auditorium any chemicals, unhealthy substances, pesticides, explosive materials, corrosive substances or other Hazardous Materials, other than those used during the normal course of business and pursuant to and in compliance with applicable federal, state, and local laws and regulations. The term "Hazardous Materials" shall mean (i) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601, *et seq.*), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code Sections 25300, *et seq.*), as amended from time to time, and regulations promulgated thereunder; (iii) asbestos; (iv) polychlorinated biphenyls; (v) petroleum, oil, gasoline (refined and unrefined) and their respective by-products and constituents; (vi) lead-based paint; and (vii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any federal, state, or local governmental requirements either requires special handling in its use, transportation, generation, collection, storage, treatment or disposal, or is defined as: "hazardous" or harmful to the environment.

(i) Tenant shall not cause or permit the release of Hazardous Materials in, on or under the Premises or Auditorium.

(ii) If the Landlord or any county, state, or federal enforcement agency finds Tenant to be in violation of this Section 9 in its use and occupancy at the Premises and/or Auditorium, then Tenant shall perform investigations, removal, or other remedial work required under applicable laws and regulations. Tenant may delay commencement of remedial work pending resolution of a good faith contest regarding the application, interpretation or validity of laws, orders, or agreements. The Landlord shall approve the remedial work, which approval shall not be unreasonably withheld or delayed.

(d) During the Term of this Lease and License, Tenant shall notify each and every one of its clients, customers and/or invitees who enters the Premises and/or Auditorium of the presence or potential presence of Hazardous Materials or potentially Hazardous Materials,

including, without limitation, asbestos. In the event a client, customer and/or invitee is a minor, Tenant shall make the notification required by this Section to such minor's parent or legal guardian.

(e) During the Term of this Lease, Landlord shall (upon 30 days written notice to Tenant) have the right to physically inspect the Premises in order to verify compliance with the Terms of this Lease and any other applicable federal, state or local law, regulation or ordinance.

10. Insurance Requirements. Tenant shall secure from a good and reasonable company or companies doing insurance business in the State of California, pay for, and maintain in full force and effect for the duration of this Lease a policy of comprehensive liability insurance in which the Landlord is named as an additional insured with the Tenant, and shall furnish a certificate of liability insurance to the Landlord. The Tenant shall secure, pay for and maintain in full force and effect for the duration of this Lease, Workers' Compensation Insurance for Tenant's workers at the Premises to the extent required by law, and shall furnish a Certificate of Insurance to the Landlord before the Commencement Date. The Landlord, its officers, employees, agents, representatives and attorneys shall not be responsible for any claims in law or equity occasioned by the failure of Tenant to comply with this Section. Tenant shall be subject to and comply with all of the terms and conditions of Landlord's standard insurance requirements ("Standard Insurance Requirements") as set forth in Exhibit "C" and incorporated herein. If and to the extent there is a conflict between any term or provision of this Lease and any term or provision set forth in the Standard Insurance Requirements, the Standard Insurance Requirements shall control. The insurance requirements set forth in this Section 10 shall apply and be applicable to Tenant's lease of the Premises (as set forth in Section 1(a)) and license to use the Auditorium (as set forth in Section 1(b)).

11. Release and Indemnification. Tenant hereby fully and irrevocably releases Landlord, including its elected officials, employees, agents and representatives, from any and all claims that Tenant may now have or hereafter acquire against the Landlord, including its elected officials, employees, agents and representatives, for any action, cause of action, claim, cost, damage, demand, expense (including, without limitation, attorneys' fees and expenses), fine, judgment, liability, lien, loss, or penalty, whether foreseen or unforeseen, direct or indirect, arising from or related to the Tenant's entry upon or use of the Premises and/or Auditorium, except to the extent caused by the willful misconduct of Landlord. Tenant further acknowledges and agrees that this release shall be given full force and effect according to each of its expressed terms and provisions, including, but not limited to, those relating to unknown and suspected claims, damages and causes of action. Tenant agrees to protect, defend, and hold harmless Landlord and its officers, employees, agents and representatives from any and all claims, liabilities, expenses, or damages of any nature, including attorney's and expert witness fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of this Lease by Tenant, Tenant's agents, officers, employees, subcontractors, customers, invitees, or independent contractors hired by Tenant, except for claims, liabilities, expenses, or damages which are due to the sole negligence of Landlord, or any of its officers, employees, agents and representatives. The provisions of this Section 11 shall survive the expiration or termination of this Lease.

12. Compliance with Law. Tenant warrants to Landlord that it shall comply, at its expense, with all statutes, ordinances, rules, orders, and regulations of the federal, state, county, and municipal authorities now in effect or which may hereafter come into effect, relating in any manner to Tenant's use or occupancy of the Premises during the Term.

13. Mechanic's Liens. Tenant shall keep the Premises free from any and all liens arising out of any work performed, material furnished, or obligations incurred by Tenant.

14. Notices. Any and all notices or demands shall be in writing. Such notices and demands shall be served either personally or sent by United States mail, and shall be deemed to have been given when personally served or when deposited in the United States mail, certified or registered, with postage prepaid and properly addressed. For the purposes hereof, the addresses of the parties (until notice of a change thereof given in writing to the other party) shall be as follows:

If to Tenant: Mitra Licciardi dba Cedar Performing Arts Academy
44851 Cedar Street
Lancaster, California 93534

If to Landlord: City of Lancaster
44933 Fern Avenue
Lancaster, California 93534
Attention: Theresa Yvonne, Performing Arts Manager

15. Modification. This Lease constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any previous agreements, oral or written. This Lease may be modified only by a subsequent mutual written agreement executed by Landlord and Tenant.

16. California Law. Any action commenced pursuant to this Lease shall be initiated in the Los Angeles County Superior Court or other appropriate court in that county.

17. Attorney's Fees. In the event any declaratory or other legal or equitable action is instituted between Tenant and Landlord in connection with this Lease, then as between Landlord and Tenant, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorneys' fees incurred in connection with such action, and all fees, costs and expenses incurred on any appeal or in collection of any judgment.

18. Default by Tenant. Any of the following constitutes an event of default and breach of this Lease by Tenant: (i) failing to pay any monetary obligation for a period of five (5) days after written notice from Landlord or to perform any other obligation of this Lease for more than a reasonable time (not exceeding ten (10) business days) after written notice from Landlord (any such written notice being in lieu of, and not in addition to, any notice required by Section 1161 of the California Code of Civil Procedure or superseding statute); or (ii) vacating or abandoning the Premises; or (iii) making any general assignment for the benefit of creditors; or (iv) the attachment or judicial seizure of substantially all of Tenant's assets located at the Premises or Tenant's interest in this Lease (where the seizure is not discharged within thirty (30) days); or (v) Tenant fails to pay its debts as they become due or admits in writing its inability to pay its debts, or makes a general assignment for the benefit of creditors. In addition to all other rights or remedies of Landlord set forth in this Lease, if Tenant defaults, then Landlord shall have all rights available to Landlord as may be permitted from time to time by the laws of the State of California, without further notice or demand to Tenant. Notwithstanding anything to the contrary set forth above, if the default complained of, other than a default for the payment of monies, cannot be cured within the period

required herein, then Tenant shall not be considered to be in default of the Lease if it commences to cure the default within the required period and thereafter diligently and continuously prosecutes the cure to completion.

19. Default by Landlord. If Landlord fails to perform any of the covenants, provisions or conditions it is required to perform under this Lease within thirty (30) days after written notice of default by Tenant (or if more than thirty (30) days is required because of the nature of the default, if Landlord fails to begin to cure the default within the 30-day period), then Landlord shall be liable to Tenant for all damages sustained by Tenant as a direct result of Landlord's breach and Tenant shall not be entitled to terminate this Lease as a result thereof. It is expressly understood and agreed that any judgment against Landlord resulting from any default or other claim under this Lease shall be satisfied only out of the net rents, profits and other income actually received by Landlord from the operation of the Premises, and Tenant shall have no claim against Landlord or any of Landlord's other assets for satisfaction of any judgment with respect to this Lease. No elected official, officer, employee, agent, advisor, or manager of Landlord shall be liable for any liability under this Lease.

(a) Pending Litigation. Tenant acknowledges that Landlord is currently involved in litigation that may effect Landlord's rights, title and interest in and to the Premises and Auditorium. In the event a court of competent jurisdiction enters a judgment that divests Landlord of its rights, title and interest in and to the Premises and Auditorium, this Lease shall automatically and immediately terminate. A termination of this Lease pursuant to this Section 19(a) shall not constitute a default by Landlord and Landlord shall incur no liability whatsoever as a result of such termination.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date set forth above.

LANDLORD:

CITY OF LANCASTER, a California charter city and municipal corporation

By: _____
Its: _____

TENANT:

MITRA LICCIARDI, an individual doing business as **CEDAR PERFORMING ARTS ACADEMY**

By: _____
Its: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

44851 Cedar Street – 1st Floor - Auditorium and Theatre

2nd Floor- Offices

3134-015-018- Lots 8 and 9. Block 10 Town of Lancaster, in the City of Lancaster, County of Los Angeles, State of California, as shown on map filed in Book 5, pages 470 and 471, of miscellaneous Records, in the office of the Registrar – Recorder of said County.

44845 Cedar Street – Storage

3134-015-914- Lots 7, Block 10, except the Southerly 11.1 feet, Town of Lancaster, in the City of Lancaster, County of Los Angeles, State of California, as shown on map filed in Book 5, pages 470 and 471, of miscellaneous Records, in the office of the Registrar – Recorder of said County.

EXHIBIT "B"

SITE MAP

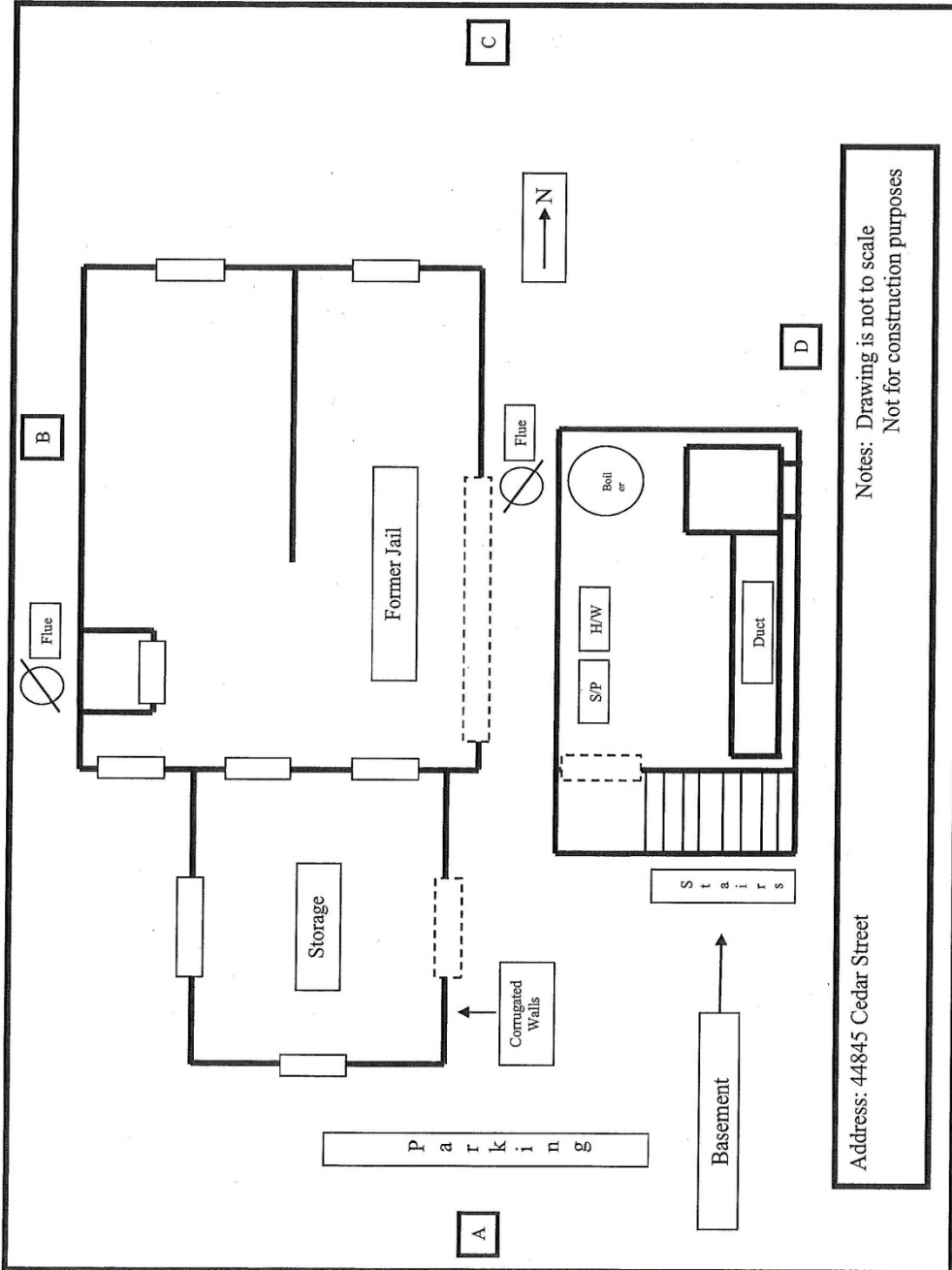


EXHIBIT "B"

SITE MAP

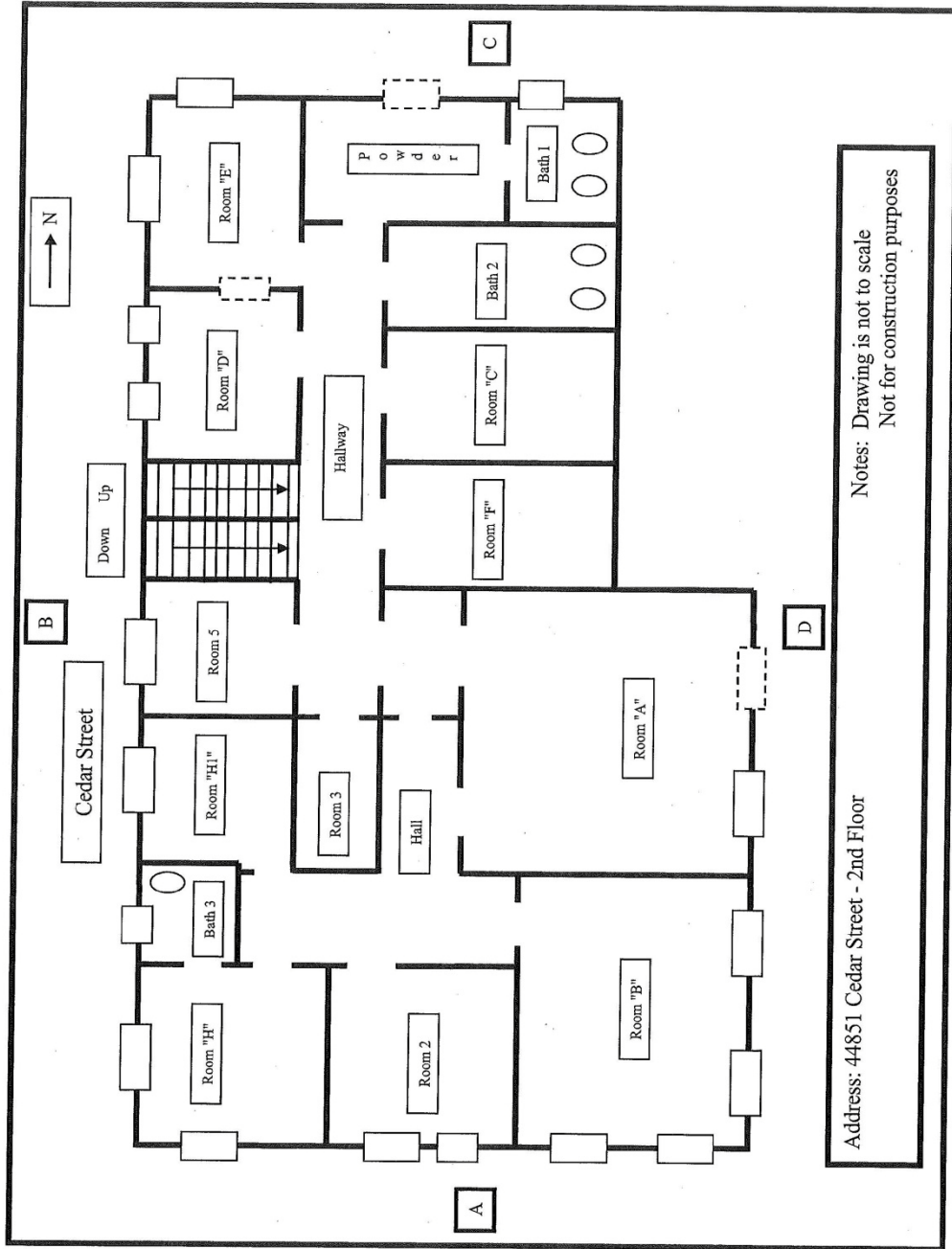


EXHIBIT "B"

SITE MAP

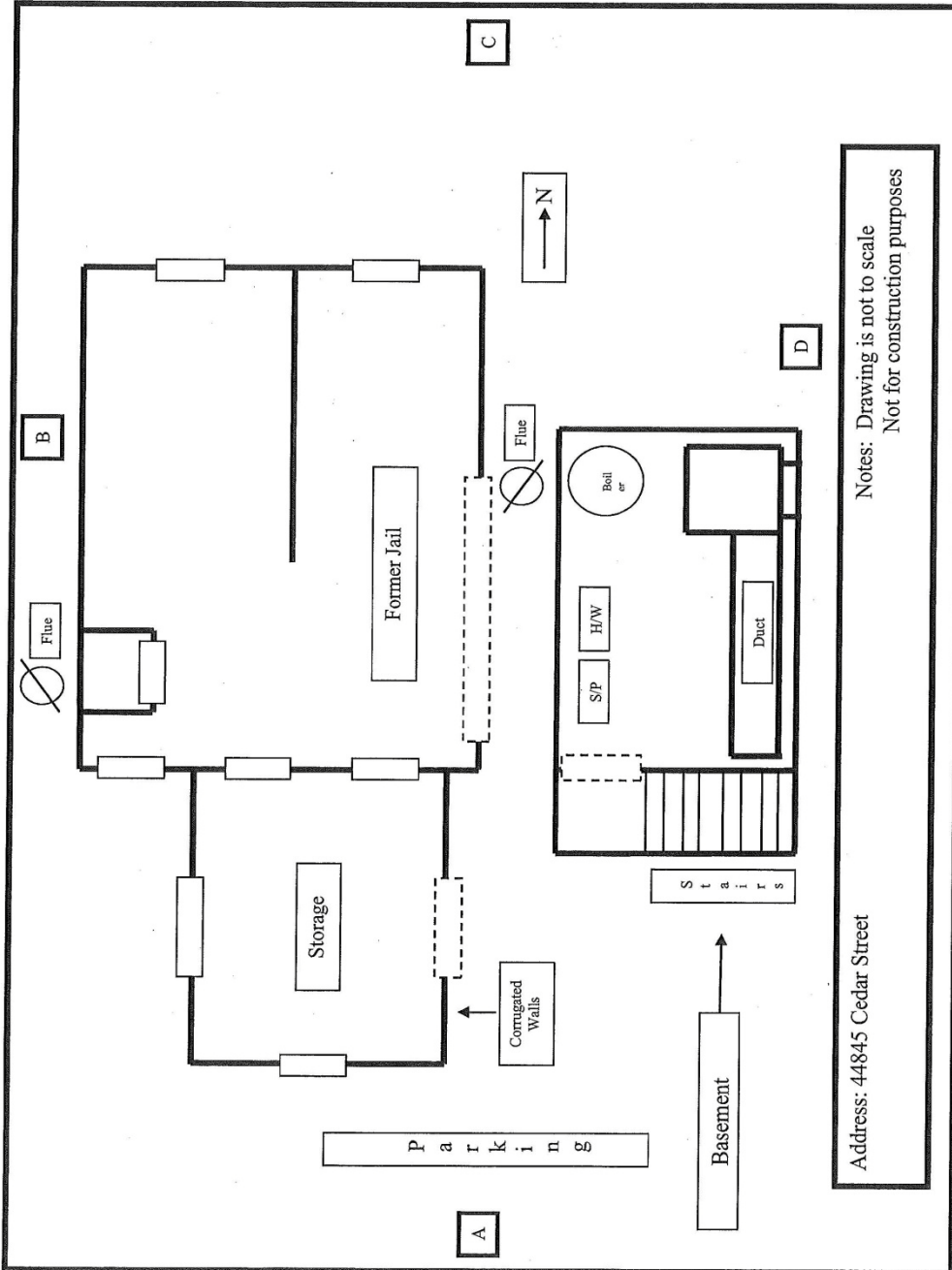


EXHIBIT "C"

STANDARD INSURANCE REQUIREMENTS

Leasee shall maintain limits no less than:

1. General Liability: Commercial General Liability Insurance or other form with a general aggregate limits of \$2,000,000.00 Aggregate, and \$1,000,000.00 Per Occurrence.
2. Workers' Compensation and Employers Liability: Workers' Compensation limits as required by the Labor Code of the State of California and Employers Liability Limits of \$1,000,000 per accident.
3. Fire Legal: \$300,000 minimum liability limit
4. Medical Expense: \$10,000 per one person

Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

General Liability:

- a. The City of Lancaster and its named entities, their officers, agents, servants, and employees are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of the Lessee.
- b. The coverage shall contain no special limitations on the scope of protection afforded to The City of Lancaster and its named entities, their officers, agents, servants, employees, or volunteers.
- c. The Lessee's insurance coverage shall be primary insurance as respects the City of Lancaster and its named entities, their officers, agents, servants, employees, or volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be in excess of the Lessee's insurance and shall not contribute with it.
- d. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City of Lancaster and its named entities, their officers, agents, servants, employees, or volunteers.
- e. The Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

Workers' Compensation and Employers Liability Coverage

The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, employees and volunteers for losses arising from work performed by the Lessee for the City.

5. All Coverage

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after 30 days' prior written notice (10 days written notice for non-payment) by Certified Mail, return receipt requested, has been given to the City.

6. The Lessee shall deposit a Certificate of Insurance which shall include the following language:

- a. (In the Description of Operations/Locations/ Vehicles/Special Items block) "The Certificate Holders, as well as their Officers, Agents, Servants and Employees are included as Additional Insureds as respect to liability arising out of activities performed by or on behalf of Operator; premises owned, occupied or used by the Operator." Additional Insureds are The City of Lancaster, the Lancaster Redevelopment Agency, The Lancaster Financing Authority, the Lancaster Housing Authority, the Lancaster Boulevard Corporation, the Lancaster Community Services Foundation, and the Lancaster Museum and Public Art Foundation.
- b. (In the Certificate Holder block):
The City of Lancaster
44933 North Fern Avenue
Lancaster, California 93534

Acceptability of Insurers

Insurance is to be placed with insurers with a Best's rating of A-: VIII or better by Best's Key Rating Guide, latest edition.