

**MOUNTAINS RECREATION & CONSERVATION AUTHORITY**

Los Angeles River Center and Gardens
570 West Avenue Twenty-six, Suite 100
Los Angeles, California 90065
Phone (323) 221-9944 Fax (323) 221-9934

May 22, 2006

Ms. Margarita Pagliai
Seven Arrows
15240 La Cruz Drive
Pacific Palisades, California 90272

Seven Arrows Lease in Temescal Gateway Park

Dear Ms. Pagliai:

As a part of its long-term plan to increase public use of its parks, the Santa Monica Mountains Conservancy ("Conservancy") has begun to phase out the private leaseholds in Temescal Gateway Park. When the Seven Arrows lease expires in June of 2007, it will not be renewed.

Both the Conservancy and the Mountains Recreation and Conservation Authority (MRCA) understand the logistical difficulty of relocating an operation such as Seven Arrows. In order to give Seven Arrows enough time to find a suitable replacement facility and to minimize disruption for the students, we would like to offer you tenancy for one additional year until June 2008.

If you have any questions, please contact me directly at (323) 221-9944 extension 105.

Sincerely,

Lisa Soghor
Deputy Executive Officer

CC: Joe Edmiston
Joyce Whitehead

PROPERTY NAME: Temescal Canyon - Conference and Retreat Center
Back Pre-School Compound and Offices

TENANT: Seven Arrows

RENTAL AGREEMENT

THIS AGREEMENT is entered into effective September 1, 2002, by and between the Santa Monica Mountains Conservancy, an agency of the State of California (SMMC) and the Mountain Recreation and Conservation Authority, a joint exercise of powers authority (MRCA) on the one hand (hereinafter collectively known as LANDLORD) and Seven Arrows, a 501(c)3 non profit corporation, on the other hand (hereinafter called TENANT.)

SMMC holds title to that certain property commonly known as Temescal Gateway Park in the City of Los Angeles, State of California. The property which is the subject of this agreement is the main classroom, previously known as cabin 162, three bungalows and property found within the redwood fence with Temescal Creek as an eastern boundary and the road as the southern boundary, and the office building previously known as cabins 108 & 110 which are located at Temescal Gateway Park. The MRCA operates Temescal Gateway Park for the SMMC and makes expenditures necessary to operate Temescal Gateway Park. The rental payments derived from this agreement will be used by the MRCA to operate Temescal Gateway Park for the SMMC.

The LANDLORD and TENANT agree as follows:

1. The SMMC does hereby rent to TENANT that certain property in the County of Los Angeles, State of California, together with appurtenances, described as follows: The main classroom, previously known as cabin 162, three bungalows and property found within the redwood fence with Temescal Creek as an eastern boundary and the road as the southern boundary, and the office building previously known as cabins 108 & 110, (the premises) on the property commonly known as Temescal Canyon Conference and Retreat Center (the "Park"). See attached exhibit A.
2. The premises shall be occupied for educational purposes only.
3. The term of this Agreement shall commence on September 1, 2002, and shall terminate on or before June 30, 2007 unless TENANT is in breach of this Agreement and termination is for cause in which case the Agreement is immediately terminated. Termination of this agreement for cause includes gross malfeasance, property abandonment, default or violation of the terms of the operations agreement, gross negligence, or criminal conduct on the part of the TENANT.

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4. It is understanding of all parties that the buildings and property covered will be utilized by the Seven Arrows for only 10 months of the year. During the months of July and August the offices and school will be vacant. No rent will be paid during this time.

5. SMMC has established the economic rent of the premises to be \$5,500.00 per month for the school compound and for the office space, for a total of \$5,500.00 per month for the first year of this lease. A 5% increase will be automatically assessed each year thereafter. Rent is payable on the first day of each month commencing September 1, 2002 and is made payable to the MRCA.

6. Tenant is responsible for improvements to the buildings and area, including those necessary to make the facility meet all necessary code and permit requirements. Such improvements may include but are not limited to: Carpeting, painting, fans, heaters, air conditioning, and any construction. All plans and designs for the above improvements must be approved by the Executive Officer of the SMMC prior to implementation.

7. Any necessary permits and costs associated with the above improvements, as well as all daily maintenance, cleaning and operations costs for the TENANT programs are the complete responsibility of the TENANT.

8. TENANT use of the other parts of the Park, including but not limited to overnight accommodations, evening classroom use, parent retreats, use of the kitchen facilities and use of Stewart Hall must be scheduled with SMMC staff at the beginning of each month. If available, these areas and/or facilities will be at normal Conference Center rates.

9. TENANT shall not commit, suffer or permit any waste or nuisance on said premises or any acts to be done thereon in violation of any laws or ordinances. TENANT shall permit LANDLORD or its agents to enter said premises at any reasonable time to inspect the same.

10. All notices which may be given by either party to the other, shall be deemed to have been given when made in writing and deposited in the United States mail, certified and postage prepaid, and addressed to such party at its address set forth under or opposite its signature to this Agreement. Nothing herein contained shall preclude the giving of any such notice by personal service. Either party may change its address for the receipt of notice by giving written notice thereof to the other party in the manner herein provided.

11. TENANT shall not assign this agreement. TENANT shall not sublet the premises or any portion thereof.

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12. TENANT shall maintain the premises in good repair and tenable condition at its own expense. This obligation shall include keeping the property in a neat, clean and orderly condition at all times. At the expiration of said term, or any sooner termination of this Agreement, TENANT shall surrender possession of said premises and its appurtenances to LANDLORDS in good order and condition, reasonable wear and tear, damage by the elements, acts of God, or circumstances over which TENANT, his employees, invitees, or members of his family had no control, excepted.

13. TENANT understands that parking is limited and restricted in most cases. TENANT will ensure that all users of the (students, teachers and parents) facility will be made knowledgeable and obey the park rules, including but not limited to, the 15 miles an hour speed limit and the restricted parking areas.

14. This Agreement is made upon the express condition that LANDLORD and the State of California, its officers, agents, and employees, are to be free from all liability and claims for damages by reason of any injury to any person or persons, including TENANT, or property of any kind whatsoever and to whomsoever belonging, including TENANT, from any cause or causes whatsoever while in, upon, or in any way connected with the premises during the term of the Agreement or any occupancy hereunder. TENANT agrees to defend, indemnify and save harmless the SMMC, its officers, agents and employees from all liability, loss, cost or obligation on account of or arising out of any such injury or loss, however occurring. In addition, the TENANT is required to carry a minimum \$1,000,000.00 liability policy with the SC and MRCA named insured.

15. TENANT agrees to pay all lawful taxes, assessments, or charges which at any time may be levied upon any interest in this Agreement. It is understood that this lease may create a possessory interest subject to property taxation and TENANT may be subject to the payment of property taxes levied on such interest.

16. If TENANT abandons, vacates or surrenders the premises, or is dispossessed by the process of law, any personal property belonging to TENANT and left on the premises shall be deemed to be abandoned, at the option of LANDLORD. Except during months approved in paragraph 6 above, failure by TENANT to occupy the premises for a period of thirty (30) days or longer shall constitute abandonment by TENANT.

17. This tenancy is of a temporary nature, and the parties to this Agreement agree that no relocation benefits from the LANDLORD will be sought or provided in any form as a consequence of this tenancy.

18. In the event subleasing is permitted hereunder, TENANT shall

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incorporate the above paragraph into each sublease. Failure to do so may obligate TENANT for damages and costs resulting from claims for relocation payment by subleases.

19. TENANT shall pay LANDLORD all costs and expenses, including attorney's fees in a reasonable sum, in any action brought by LANDLORD for breach of any of the terms or conditions contained in this lease, or to recover possession of said premises, whether or not such action progresses to judgement.

20. In addition to any other rights or remedies LANDLORD may have, in the event of any breach of this lease by TENANT, LANDLORD shall have the immediate right of re-entry and may take possession of the lease premises and remove all persons and property therefrom.

21. It is understood that the property to be occupied under this lease has been acquired by SMMC for park purposes and that LANDLORD is planning for appropriate public use of the park. LANDLORD expressly reserves the right to terminate this Agreement for reasons relating to the administration of the park.

22. It is agreed and understood by all parties hereto that any agents and employees of TENANT, in the performance of this Agreement shall act in an independent capacity and not as officers, employers or agents of LANDLORD

23. At no time is this Agreement to be construed as permitting any further or future use of either existing or proposed facilities.

24. This lease may be modified only in writing.

IN WITNESS WHEREOF, this lease has been executed by the parties hereon the date first above written.

Seven Arrows

BY:

TITLE:

ADDRESS:

[Handwritten Signature]
Executive Director
1300 Penwell Road
Reno, NV
90122

Seven Arrows Rental Agreement

SANTA MONICA MOUNTAINS CONSERVANCY

BY: Joseph T. Edmiston
Joseph T. Edmiston

TITLE: Executive Director

ADDRESS: 5750 Ramirez Canyon Rd.
Malibu, California 90265

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

BY: Rose A. Skis

TITLE: Chief Deputy Executive Officer

ADDRESS: 5810 Ramirez Canyon Rd.
Malibu, California 90265