



AGENDA REPORT

Meeting Date: July 22, 2010

Item Number: E-1

To: Honorable Mayor & City Council

From: Mahdi Aluzri, Assistant City Manager
David Lightner, Deputy City Manager

Subject: AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR **PURCHASE AND SALE OF 239 S. BEVERLY DRIVE AND ESCROW INSTRUCTIONS**

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR **PURCHASE AND SALE OF INTEREST IN 9400 SANTA MONICA BOULEVARD AND ESCROW INSTRUCTIONS**

Attachments: 1. Agreements listed above

INTRODUCTION

At the July 8, 2010 City Council meeting the City Council directed the completion of agreements with the Beverly Hills Chamber of Commerce to implement the transactions described in this report. The attached agreements are presented for formal City Council review and action. The agreements provide for the City to purchase the existing Chamber of Commerce building at 239 South Beverly Drive; to lease office space in the building back to the Chamber on a short term basis; and then to sell a Tenancy in Common ownership interest in the City's pending development at 9400 Santa Monica Boulevard to the Chamber for permanent Chamber office space.

The interim office lease is an exhibit to the Purchase and Sale of 239 S. Beverly Agreement; the Tenancy in Common Agreement is an exhibit to the Purchase and Sale of an Interest in 9400 Santa Monica Agreement. The office lease and the Tenancy in Common agreement are not to be executed until the close of escrow.

DISCUSSION

During the past year, the City Council and the Chamber of Commerce have discussed the benefits of City purchase of the Chamber building on South Beverly as a foothold on

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the street for future development of public parking. Under City ownership, and when vacated, the building could be remodeled for short term retail/office use until sufficient property is purchased and assembled to develop a public parking garage.

The City and Chamber have also developed an approach under which the Chamber could reduce its real estate holdings, move to a central location in the Triangle, and maintain ownership of its office space to avoid the risk of future fluctuations in lease market conditions and the resulting impact on operational expenses. This approach entails purchase of a Tenancy in Common interest in the City's pending retail/office development at 9400 Santa Monica Boulevard for second floor office space.

The City Council has previously authorized completion of construction documents for an 18,000 gross square foot building on that City-owned property, where the Chamber would occupy the entire second floor. As discussed by the City Council previously, and as reviewed by the Planning and Architectural Commissions, the building would also house City tenants, potentially including ground floor retail, the Conference and Visitors Bureau and a Visitor Center along with general office space on the third floor. That project is scheduled to go to bid in approximately 3 months and a proposed construction contract will be brought back for City Council action this fall. The building is expected to be completed at the end of the first quarter of 2012 at which point the Chamber would take possession of the second floor.

The following summary highlights the major business points of the transaction implemented by the attached agreements:

Major Business Points Summary

1. City to purchase 239 S. Beverly from Chamber as a foothold for future public parking development.
2. Chamber to remain a tenant at 239 S. Beverly, consolidating into approximately 2,500 square feet on the ground floor, until moving into the second floor of City's pending development at 9400 Santa Monica. Chamber would purchase their interest through a Tenancy in Common agreement.
3. \$7,125,000 is the purchase price for 239 S. Beverly. City to deposit purchase price into escrow in two parts:
 - a. Deposit 1a = \$3,266,600 which is the Chamber purchase price for a Tenancy in Common interest in 9400 Santa Monica. City will collect interest on this deposit.
 - b. Deposit 1b = \$3,858,400 which is the balance remaining from the Chamber building purchase price. Chamber will collect interest on this deposit.
 - c. Both parts of the Deposit must be subject to the City's statutory investment restrictions.
 - d. If purchase agreement is terminated after the opening of escrow, the Chamber would keep the interest on Deposit 1b.
4. Escrow to close at the earlier of (i) City award of construction contract for 9400 Santa Monica, or (ii) 12 months from escrow opening.
5. If City does not commence construction of 9400 Santa Monica within two years of the close of escrow or does not complete the construction within 6 years of the close

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of escrow, as extended by force majeure, Chamber may either terminate the agreement to purchase the tenancy in common interest or extend the deadline by one year, during which period liquidated damages of \$10,000 per month would be paid by City to Chamber until the milestone is met.

6. Chamber to pay \$2.00/sf/month for 2,500 sf at 239 S. Beverly from close of escrow until relocation to 9400 Santa Monica for a period not to exceed 2 years.
7. City to pay Chamber relocation expenses of \$120,000, payable in two \$60,000 annual installments beginning at the close of escrow. If City does not deliver 9400 Santa Monica in two years, rent at Chamber building drops to \$1/year.
8. Chamber Tenancy in Common at 9400 Santa Monica would allow Chamber exclusive use of the second floor, with the right to sublet up to 75% of their space to other office uses or other non-office legal occupancies with the consent of City. Medical office use would be prohibited. The use restrictions and consent provisions would be reciprocal for the City's lease space on the third floor.
9. Chamber has a right to up to 15 parking spaces in the 455 Crescent Garage (construction to be completed by the end of 2011). Six of these spaces would be at no additional cost and up to 9 additional spaces could be elected at a cost of 75% of the applicable rate charged by the City. Chamber can only sublease these spaces to their tenants in the 9400 building, subject to the same conditions that apply to Chamber.
10. Chamber to have a 28% Tenancy in Common interest implementing ownership rights associated with their second floor space. They would not participate in revenues or expenses associated with other tenants of the building outside the Chamber space.
11. Chamber would be responsible for property tax on its ownership and for all of its separately metered utilities and for its share of all jointly metered utilities and operational expenses.
12. Chamber would have the right, equal to building tenants and the City, to reserve use of the roof deck for which a maintenance/use charge would be assessed.
13. Under certain conditions the Chamber's interest can be required to be sold to the City with a pre-determined methodology* to determine price.
 - a. Chamber Default: For monetary breach of \$80,000 or more, after two cure periods, the City can require the Chamber to sell its interest to City. Note: this provision does not prevent the City from using all other remedies available.
 - b. City Right of First Option: If Chamber wishes at any time to sell its interest, it is required to offer its interest to the City first.
 - c. Put-1: If Chamber is dissolving as an organization, or Chamber is insolvent, or bankruptcy is filed by or against Chamber, Chamber can "put" its interest to the City (i.e. require City to purchase).

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- d. Put-2: Chamber can put its interest to the City during a recurring put window, the first of which would occur after the first 10 years and then every 7 years thereafter. City would then have the option to: 1) accept the put and purchase the Chamber interest, or 2) defer the put for up to 2 years, or 3) join an application for condominium conversion and, if approved, decline the put, allowing the Chamber to sell its condominium interest on the open market.

If Chamber puts their interest to the City under this provision and City elects to defer for more than 12 months, then Chamber can withdraw that put during the period after the first 12 months, but prior to the deferral date. However, Chamber must give City 30 day notice of intent to withdraw and City may act to accept the original put within that 30 day window and proceed to purchase. If City fails to act during that period, Chamber can withdraw its put.

- * The methodology to set the City purchase price in all four situations described above would be to have appraisers determine the higher of: 1) Fair Market Value of Chamber's interest, as if a condominium, less \$170,000 escalated by the Consumer Price Index, or 2) Chamber's Original Purchase Price escalated by the Consumer Price Index.

This methodology addresses the concern that the Tenancy in Common form of ownership is sufficiently uncommon that it might reduce the number of potential buyers. The Chamber's original purchase price for the Tenancy in Common interest was discounted by \$170,000 in recognition of that issue. The methodology restores the discount to the City, while allowing the Chamber to get appraisals based on a broader market.

FISCAL IMPACT

The \$7,125,000 purchase price for the Chamber building would be funded through an advance from the General Fund to be replenished upon issuance of bonds. Authorization to issue bonds for this project was approved by the Public Finance Authority on June 22, 2010. The annual debt service of the bond including capitalization cost is expected to be approximately \$1,000,000. The bond amount includes the funding needed to bring the ground floor to a leasable condition for a retail use. That potential lease (available after the Chamber moves into its new space in approximately two years) and existing second floor telecom space lease are expected to generate, conservatively, close to \$500,000 annually and that would be used to partially offset the debt service. The balance of the debt service is included in the projections incorporated into the adopted 5-year Capital Improvement Program budget. Additionally, the Chamber's \$3,266,600 contribution towards the construction of the 9400 Santa Monica building reduces the development cost of that project substantially.

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RECOMMENDATION

It is recommended that the City Council approve the attached agreements implementing the purchase of the Chamber of Commerce building at 239 S. Beverly Drive, leasing a portion of the ground floor back to the Chamber on an interim basis, and the sale of a Tenancy in Common interest to the Chamber in the pending City development at 9400 Santa Monica Boulevard. It is further recommended that the City Council authorize the Mayor to execute the Lease and Tenancy in Common Agreement at the close of escrow along with all other documents necessary to complete the closing of the transactions described in the attached agreements.

David Lightner 
Approved By

Attachment 1

Agreements

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR PURCHASE AND SALE OF 239 S. BEVERLY DRIVE AND ESCROW INSTRUCTIONS

THIS AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR PURCHASE AND SALE OF 239 S. BEVERLY DRIVE AND ESCROW INSTRUCTIONS (this "**Agreement**") is dated as of July 22, 2010, and is entered into by and between the BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION, a California nonprofit corporation ("**Seller**"), and the CITY OF BEVERLY HILLS, a municipal corporation ("**Buyer**").

1. **PURCHASE AND SALE; PURCHASE PRICE.**

1.1 **Purchase and Sale.** Upon the terms and subject to the conditions in this Agreement, Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller the land in the City of Beverly Hills, County of Los Angeles ("**County**"), State of California, described on Exhibit "A" attached hereto (the "**Land**") together with all improvements thereon (the "**Improvements**"). The Land and Improvements are hereinafter collectively referred to as the "**Property**".

1.2 **Purchase Price.** The purchase price (the "**Purchase Price**") for the Property shall be Seven Million One Hundred Twenty-Five Thousand Dollars (\$7,125,000.00).

2. **TITLE.**

2.1 **General.** Title to the Property shall be conveyed by Grant Deed and shall be evidenced by a CLTA Standard Coverage Form of Owner's Policy of Title Insurance (or an ALTA Extended Coverage Form Policy if Buyer elects such coverage as provided in Section 2.3 below) (the "**Title Policy**") issued by Stewart Title of California, Inc. ("**Escrow Holder**" or "**Title Company**"), with liability in the full amount of the Purchase Price, insuring title to the Property as vested in Buyer, free and clear of all liens and encumbrances and other matters affecting title to the Property, except the following (the "**Permitted Exceptions**"):

2.1.1 Real property taxes not yet due and payable;

2.1.2 An office lease with Seller, as tenant, in the form attached hereto as Exhibit "B" (the "**Chamber Lease**");

2.1.3 That certain Building and Roof Space Lease dated November 8, 1989 (with Addendum and Environmental Lease Addendum) between Seller and AT&T as amended by that certain Second Amendment to Building and Roof Space Lease dated May 28, 2010, 2010 (the "**AT&T Lease**" and with the Chamber Lease, the "**Leases**"); provided, that if said Second Amendment is not executed by AT&T, then the Permitted Exceptions shall include such other amendment to such lease as may be approved by Buyer in writing, and Buyer will not unreasonably withhold such approval;

2.1.4 The Title Company's standard exceptions to and exclusions from title insurance coverage as shown on the title report for the Property dated June 9, 2010 issued by the Title Company under Order No. 295480 ("**Title Report**"); and

2.1.5 All exceptions to title listed on Schedule B of the Title Report except: 4 and 5.

The Grant Deed shall contain the following language after the granting clause: "Subject to all conditions, covenants, restrictions, easements, circumstances and other matters of record or apparent."

2.2 Acts After Date of Agreement. During the period from the date of this Agreement through the close of escrow; (a) Seller shall not enter into any new leases, amend the AT&T Lease or record any document or instrument which will affect the title to or use of the Property, or make any alterations or improvements to the Property, without the prior written consent of the Buyer, which consent shall not be unreasonably withheld, conditioned or delayed; and (b) Buyer shall have the right to negotiate and enter into leases with third parties for the lease of space in the Building following the Closing without the consent of Seller, so long as any such leases are not effective and no third party will have any right to possession of any part of the Property, or any other interest in or to the Property, unless and until the Closing occurs.

2.3 Option for ALTA Coverage. Buyer shall have the option of obtaining an ALTA Extended Coverage Form Policy of Title Insurance. In such event, Buyer shall, at its expense, procure an ALTA survey (the "**Survey**") and the cost of the ALTA extended coverage shall be borne by Buyer.

3. DELIVERY OF DOCUMENTS AND INFORMATION; INSPECTIONS

3.1 Property Documents; No representations. Seller represents to Buyer that prior to the execution of this Agreement, Seller delivered to Buyer copies of all material documents in the possession of Seller that pertain to the Property (the "**Documents**"), as well as all documents creating title exceptions listed in the Title Report (the "**Title Exceptions**"). Notwithstanding the foregoing, Buyer acknowledges and agrees that Seller is making available copies of all Documents at Buyer's request and without representation or warranty of any kind as to the accuracy or completeness of the contents thereof. Buyer agrees that it will conduct its own due diligence investigation to verify to its own satisfaction the accuracy and completeness of the Documents and will conduct its own due diligence with respect to the Property. Subject to applicable law, all Documents and information disclosed or discovered by Buyer pursuant to Buyer's inspections and investigations shall be kept confidential by Buyer and shall not be disclosed to any party other than Buyer's employees, agents, attorneys and other representatives who have a need to know in connection with the transactions contemplated herein, and who are bound by obligations of confidentiality equivalent to Seller's obligations contained herein. Subject to applicable law, all originals or copies of the Documents, plus any reports or other evaluations prepared by third parties in connection with Buyer's inspections and investigations, shall be returned and delivered to Seller promptly if for any reason the escrow does not close on the Closing Date.

3.2 Buyer Inspection. Buyer acknowledges that prior to the execution of this Agreement, Seller granted to Buyer and its agents, employees, contractors and subcontractors the right to enter onto the Property for the purpose of inspecting the physical condition of the Property, including soils and geological matters and toxic or hazardous substances and other contamination, and whether the Property complies with applicable laws, including without limitation, the Americans With Disabilities Act; that Buyer performed all inspections of the Property that it determined are necessary in connection with its purchase of the Property; and that Buyer approved all such inspections.

3.3 Further Encumbrances. In the event that, prior to the close of escrow and issuance of the Title Policy, Seller becomes aware of any liens or other encumbrances against title to the Property other than the Permitted Exceptions (“**Further Encumbrance**”), Seller shall immediately give Buyer written notice thereof, with copies of all documents in Seller’s possession or to which Seller has reasonable access that create or evidence such Further Encumbrance. Buyer shall have thirty (30) days from receipt of such notice and documents to approve or disapprove such Further Encumbrance by giving written notice thereof to Seller. If Buyer fails to deliver written notice of disapproval of such Further Encumbrance to Seller within such 30 days, Buyer shall be deemed to have approved such Further Encumbrance, such Further Encumbrance shall be deemed a Permitted Exception, and Buyer shall take title to the Property subject thereto. If Buyer timely objects to such Further Encumbrance, Seller may, at its option, cure such objection(s) by delivering written notice to Buyer within ten (10) business days after Seller’s receipt of Buyer’s objections, which notice shall indicate that Seller either will eliminate or cause the Title Company to insure over such Further Encumbrance by the close of escrow. If Seller delivers such written election to cure such Further Encumbrance, Seller shall have until the close of escrow to complete the cure. If Seller fails to deliver such written notice within such ten (10) business days, Seller shall be deemed to have elected not to cure such Further Encumbrance. If Seller elects or is deemed to have elected not to cure such Further Encumbrance to which Buyer has objected, Buyer shall have the option, to be exercised by written notice to Seller within five (5) business days following Seller’s election or deemed election not to cure such Further Encumbrance: (a) to waive such objection(s) and to proceed to the close of escrow, in which event Buyer and Seller shall proceed to close escrow and Buyer shall take title subject to such Further Encumbrance; or (b) to terminate this Agreement, in which event this Agreement and escrow shall terminate and the provisions of Section 4.9 shall govern. If Buyer fails to deliver such notice within such five (5) business days, this Agreement and escrow shall terminate and the provisions of Section 4.9 shall govern.

4. ESCROW.

4.1 Escrow Instructions. This Agreement shall constitute escrow instructions and Buyer and Seller shall deposit a copy of the Agreement, duly executed by Buyer and Seller (or copies of executed counterparts) with the Escrow Holder within two (2) business days after the execution of this Agreement.

4.2 Escrow. Escrow shall be deemed opened immediately upon deposit of a fully executed copy of this Agreement with Escrow Holder pursuant to Section 4.1. Escrow No. 295480 has been assigned to the escrow for the transaction described herein. (Escrow No. 295479 has been assigned to the escrow for the concurrent acquisition by Seller of a

tenancy-in-common interest in 9400 Santa Monica Boulevard.) If Escrow Holder shall require further escrow instructions, Escrow Holder shall promptly prepare such escrow instructions on its usual form for the purchase and sale of the Property. Provided such further escrow instructions are consistent with this Agreement and otherwise reasonably acceptable to Buyer and Seller, Buyer and Seller shall execute such further escrow instructions. The further escrow instructions shall incorporate each and every term of this Agreement and shall provide that in the event of any conflict between the terms and conditions of this Agreement and such further escrow instructions, the terms and conditions of this Agreement shall control.

4.3 Deposit of Purchase Price; Earned Interest. Within two business days after the opening of escrow, Buyer shall deliver the full Purchase Price to Escrow Holder in immediately available funds. Upon receipt of such funds, Escrow Holder shall establish two interest bearing accounts for the deposit of such funds, and hold such funds in accordance with the following:

4.3.1 Escrow Holder shall deposit Three Million Eight Hundred Fifty-Eight Thousand Four Hundred Dollars (\$3,858,400) into one account ("**Seller Deposit**"). Buyer and Seller acknowledge that, from the date the Seller Deposit is delivered to Escrow Holder until escrow closes, the Seller Deposit shall remain the property of Buyer; however, and notwithstanding that Buyer continues to be the owner of the Seller Deposit: (a) Seller shall have the right to authorize and direct the investment of the Seller Deposit by its written instruction to Escrow Holder alone, without the consent or signature of Buyer, in any of the types of investments that the Buyer is legally entitled to make with Buyer funds; (b) all interest earned on the Seller Deposit shall be earned by and be the property of Seller and nonrefundable, under all circumstances, to Buyer; and (c) Escrow Holder shall automatically release and deliver all such interest to Seller monthly, commencing on the last day of the calendar month following the opening of escrow.

4.3.2 Escrow Holder shall deposit Three Million Two Hundred Sixty-Six Thousand Six Hundred Dollars (\$3,266,600) into a second account ("**Buyer Deposit**"). Buyer shall have the right to authorize and direct the investment of the Buyer Deposit in any of the investments that the City is entitled to legally make by its written instruction to Escrow Holder alone, without the consent or signature of Seller, and: (a) all interest earned on the Buyer Deposit shall be earned by and the property of Buyer and not payable, under any circumstances, to Seller; and (b) Escrow Holder shall automatically release and deliver all such interest to Buyer monthly, commencing on the last day of the calendar month following the opening of escrow.

4.4 Close of Escrow.

4.4.1 Provided all of Seller's and Buyer's obligations to be performed on or before close of escrow have been performed and all conditions to the close of escrow set forth in this Agreement have been satisfied, escrow shall close on or before the date that is the earlier of: (a) no less than thirty (30) days following Buyer's delivery to Seller of evidence reasonably acceptable to Seller that Buyer has entered into a contract with a general contractor, or such other contracts as are necessary for Buyer, to commence and complete construction ("**Construction Contracts**") of the Required Improvements, as that term is defined in the Tenancy In Common Agreement between Buyer and Seller attached as an Exhibit to the T in C Purchase Agreement

(as defined in Section 4.7.1(c)); or (b) one (1) calendar year after the date hereof (as applicable **“Closing Date”**).

4.4.2 All risk of loss or damage with respect to the Property shall pass from Sellers to Buyer at the close of escrow. Possession of the Property shall be delivered to Buyer upon the close of escrow, subject to the Leases.

4.5 Buyer’s Deliveries. On or before the close of escrow, Buyer shall also deposit into escrow the following (properly executed, and acknowledged if applicable):

4.5.1 A Certificate of Acceptance for the Grant Deed;

4.5.2 The Chamber Lease (and Memorandum of Lease in the form attached thereto);

4.5.3 All other documents contemplated by this Agreement and required by Escrow Holder to be deposited by Buyer, and approved by Buyer, to carry out this escrow.

4.6 Seller’s Deliveries. Before the close of escrow, Seller shall deposit into escrow the following (properly executed, and acknowledged if applicable):

4.6.1 A Grant Deed conveying the Property to Buyer;

4.6.2 The Chamber Lease (and Memorandum of Lease in the form attached thereto); and

4.6.3 Any other documents contemplated by this Agreement or required by Escrow Holder or the Title Company to be deposited by Seller, and approved by Seller, to carry out this escrow.

4.7 Conditions to the Close of Escrow.

4.7.1 Buyer’s obligation to proceed with the transaction contemplated by this Agreement is subject to the satisfaction of all of the following conditions precedent on or before the Closing Date, which conditions are for Buyer’s benefit and may be waived only by Buyer:

(a) Title Company shall have issued or shall have committed in writing to issue the Title Policy to Buyer in the amount of the Purchase Price, showing fee title to the Property to be vested in Buyer, subject only to the Permitted Exceptions;

(b) Seller shall have delivered to Escrow Holder all items required in Section 4.6 and shall not otherwise be in default under this Agreement; and

(c) All of the conditions precedent to the closing of the transaction described in that certain “Agreement between the City of Beverly Hills and the Beverly Hills Chamber of Commerce and Civic Association for Purchase and Sale of Interest in 9400 Santa Monica Boulevard and Escrow Instructions between Buyer and Seller dated

concurrently herewith (“**T in C Purchase Agreement**”) shall have been satisfied or waived and such transaction shall close concurrently with the close of escrow herein.

4.7.2 Seller’s obligation to proceed with the transaction contemplated by this Agreement is subject to the satisfaction of all of the following conditions precedent on or before the Closing Date, which conditions are for Seller’s benefit and may be waived only by Seller:

(a) Buyer shall have delivered to Escrow Holder all items required in Section 4.5 and shall not otherwise be in default under this Agreement;

(b) Buyer shall have delivered to Seller evidence reasonably satisfactory to Seller that Buyer has entered into the Construction Contracts; and

(b) All of the conditions precedent to the closing of the transaction described in the T in C Purchase Agreement shall have been satisfied or waived and such transaction shall close concurrently with the close of escrow herein.

4.7.3 Waiver of any condition to close of escrow shall not relieve any party for liability resulting from breach of any representation, warranty, covenant or agreement under this Agreement.

4.8 Recordation; Delivery of Funds. Upon receipt of the funds and instruments described in this Section 4, Escrow Holder shall do the following concurrently:

4.8.1 cause the Grant Deed, the Certificate of Acceptance, and the Memorandum of Lease to be recorded in the office of the County Recorder of Los Angeles County, California;

4.8.2 take all actions required under the T in C Purchase Agreement to close the transaction contemplated therein;

4.8.3 deliver the proceeds of the Purchase Price as follows:

(a) all amounts in the escrow account for the Seller Deposit, as adjusted for amounts payable by or to Seller for prorations and costs pursuant to Sections 4.11 and 4.12, shall be delivered to Seller pursuant to written instructions provided by Seller to Escrow Holder; and

(b) all amounts in the escrow account for the Buyer Deposit, as adjusted for amounts payable by or to Buyer for prorations and costs pursuant to Sections 4.11 and 4.12, shall be delivered to Buyer as payment by Seller to Buyer under the T in C Purchase Agreement, pursuant to written instructions provided by Buyer to Escrow Holder; and

4.8.4 cause the Title Company to issue and deliver the title insurance policy pursuant to Section 2 to Buyer.

4.9 Failure of Escrow To Close. In the event that the conditions to close of escrow are not satisfied and are not waived by the party with the right to waive the unsatisfied condition(s), by the date that is one year from the date of this Agreement, then the party whose obligations were conditioned upon satisfaction of the applicable condition(s) shall have the right to terminate this Agreement (provided such party is not in default) by written notice to the other and to Escrow Holder and upon delivery of such notice, or in the event that Buyer or Seller terminates this Agreement pursuant to any other provision of this Agreement for any reason other than a default of Buyer or Seller under this Agreement, the following shall apply:

4.9.1 except for those provisions, obligations and liabilities that by the express terms of this Agreement survive its termination, this Agreement and the escrow shall terminate, Seller shall have no further obligation to sell the Property to Buyer, Buyer shall have no further obligation to purchase the Property from Seller and the parties shall have no further obligations or liabilities to each other hereunder;

4.9.2 each of Buyer and Seller shall retain all interest released and delivered to it, and Escrow Holder shall deliver to Seller all remaining interest earned by it, pursuant to Section 4.3, and neither Buyer nor Seller shall have any claim to all or any part of the interest earned, released and delivered to the other;

4.9.3 Escrow Holder shall promptly return to Buyer the principal amount of the Purchase Price and any other funds and documents deposited by Buyer with Escrow Holder, and return to Seller all funds and documents deposited by Buyer with Escrow Holder, less, in the case of the party otherwise entitled to such funds, the amount of any cancellation charges required to be paid by such party under Section 4.11 below.

4.10 Prorations. All real estate taxes and assessments on the Property shall be prorated as of the close of escrow. All increases in real estate taxes and assessments, if any, accruing after the close of escrow due to a change in ownership of the Property or arising from this transaction shall be the sole responsibility of Buyer. All rents and other payments and all obligations and liabilities under existing Leases shall be prorated as of the close of escrow.

4.11 Costs. Buyer and Seller shall each pay one-half (1/2) of the escrow fees and costs for the purchase of the Property, and all fees and charges in connection with the escrow account for and the investment of the Seller Deposit and the Buyer Deposit. Buyer shall pay the cost of any extended ALTA Coverage for the Title Policy and all endorsements to the Title Policy, any penalty for failure to deliver a duly executed preliminary change of ownership report regarding the Grant Deed, and all other costs generally borne by buyers of real property in the County, including, without limitation, all recording charges. Seller shall pay any recording charges and any documentary transfer taxes in connection with the recordation of the Grant Deed, the cost of Buyer's CLTA owner's title coverage and all other costs generally borne by sellers of real property in the County.

4.12 Escrow Cancellation Charges. In the event that this escrow shall fail to close by reason of the default of either party hereunder, the defaulting party shall be liable for all escrow and title fees and costs, including escrow cancellation charges. In the event that the

escrow shall fail to close for any other reason, each party shall pay one-half (1/2) of all escrow and title cancellation charges.

4.13 Broker's Commissions. Buyer and Seller represent to one another that no broker or finder has been engaged in connection with the transaction contemplated by this Agreement, or to its knowledge is in any way connected with such transaction. Each party agrees to indemnify, defend, protect and hold harmless the other and its respective employees, agents, representatives, council members, attorneys, successors and assigns, from and against all claims of any agent, broker, finder or other similar person or entity arising from or in connection with the sale of the Property under this Agreement and based on communications or agreements with the indemnifying party.

5. Global Settlement; Waiver of Relocation Benefits. It is understood and agreed between Seller and Buyer that the payments to be made by Buyer as set forth in this Agreement and the Chamber Lease represent an all inclusive settlement and (once made) full and complete payment for just compensation for the acquisition of the Property and includes and satisfies any and all other payments, if any, which may be required by relocation law, regulations and guidelines to be paid to Seller arising out of the acquisition of the Property and displacement of the Seller and persons occupying the Property, and specifically includes, but is not limited to, claims for severance and other damages, attorney's fees, interest, expenses of litigation, expert's fees, pre-condemnation damages, fixtures and equipment, business goodwill, inverse condemnation, relocation assistance and/or benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601, et seq.), if applicable, or under Title 1, Division 7, Chapter 1 of the Government Code of the State of California (Section 7260, et seq.), and loss of business goodwill under the Eminent Domain Law, Code of Civil Procedure Section 1263.510, and all costs and expenses whatever in connection therewith.

Seller therefore hereby waives any and all claims for any and all relocation assistance benefits, including without limitation compensation to which it may be entitled under state relocation assistance statutes and regulations, as a result of Seller being required to move from the Property.



SELLER'S INITIALS

BUYER'S INITIALS

The foregoing is not intended to eliminate, reduce or otherwise alter the payments by Buyer to Seller required in Section 4B of the Chamber Lease.

6. EMINENT DOMAIN; TAKING; PHYSICAL DAMAGE OR DESTRUCTION.

6.1 Eminent Domain.

6.1.1 Not By City. If, prior to the close of escrow, any material portion of the Property is taken or access thereto is materially reduced or restricted by eminent domain or other taking by a governmental authority other than Buyer, or becomes the subject of a pending, threatened or contemplated taking by a governmental authority other than Buyer which has not been consummated, Seller shall immediately notify Buyer of such fact. In such event, Buyer

shall have the option, in its sole and absolute discretion, to terminate this Agreement upon written notice to Seller given not later than ten (10) business days after receipt of Seller's notice. If: (a) Buyer does not exercise this option to terminate this Agreement; or (b) prior to the close of escrow, there is a taking or eminent domain proceeding against the Property, or such taking or proceeding is threatened or contemplated, by a government authority other than Buyer, but such taking or proceeding is not reasonably anticipated to materially adversely affect Buyer's intended use of the Property, neither party shall have the right to terminate this Agreement, but Seller shall assign and turn over to Buyer, and the Buyer shall be entitled to receive and keep, all awards for the taking by eminent domain which accrue to Seller, and the parties shall proceed to the close of escrow pursuant to the terms hereof, without modification of the terms of this Agreement and without any reduction in the Purchase Price. Unless and until this Agreement is terminated, Seller shall take no action with respect to any eminent domain proceeding without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed.

6.1.2 By City. If prior to the close of escrow City exercises the power of eminent domain or otherwise prosecutes any condemnation proceeding or other taking against or otherwise with respect to all or any part of the Property, the price City shall pay for such condemnation or other taking shall be equal to Purchase Price herein.

6.1.3 Alternative Seller Space. If prior to close of escrow any taking or eminent domain proceeding results in Seller having to vacate the Property, and Buyer has no right to terminate this Agreement, or does not exercise any right to terminate this Agreement, then after Closing, Buyer shall pay to Seller the relocation benefits pursuant to Section 5.1.1 of the Chamber Lease as if the commencement date of the Chamber Lease were the date of Closing, Seller shall have no obligation to pay rent under the Chamber Lease unless and until Seller takes possession of the Premises under the Chamber Lease, and Buyer shall pay or reimburse Seller up to two thousand five hundred dollars (\$2,500) per month or seven thousand five hundred dollars per month (\$7,500) for use by Seller in paying for office space used by Seller as an alternative to the office space described in the Chamber Lease, until the Premises under the Chamber Lease or the Chamber Area under the TIC Agreement can be delivered by Buyer to Seller and used by Seller as office space, all as more particularly set forth in the Chamber Lease.

6.2 Damage or Destruction. If, prior to the Close of Escrow, there is any damage to the Property or destruction of any improvement thereon, and \$5,000 or more of the cost of repairing the damage is not covered by insurance, and Seller does not deposit with Buyer, for use in repairing the damage, a sum equal to the uninsured portion of the cost of repairing the damage ("**Uninsured Amount**"), as reasonably estimated by Buyer, within twenty (20) days after Buyer gives notice of such estimate to Seller, then Buyer shall have the right to terminate this Agreement by written notice to Seller; provided, however, that if Seller deposits the Uninsured Amount and escrow does not close on the scheduled closing date for any reason other than a default by Seller or Buyer does not subsequently commence repair of such damage within one hundred eighty (180) days following the Closing, then Buyer shall refund the Uninsured Amount to Seller. If Buyer does not have the right to terminate this Agreement under the preceding sentence or has such right but does not terminate this Agreement, then Buyer shall purchase the Property at the Purchase Price minus the amount of any insurance proceeds actually collected by Seller prior to or following Closing as a result of any such damage and not

expended by Seller for the restoration or repair of the Property prior to Closing, and after the Closing, Buyer shall pay to Seller the relocation benefits pursuant to Section 5.1.1 of the Chamber Lease as if the commencement date of the Chamber Lease were the date of the Closing, Seller shall have no obligation to pay rent under the Chamber Lease unless and until Seller takes possession of the Premises under the Chamber Lease, and Buyer shall pay or reimburse Seller up to two thousand five hundred dollars (\$2,500) per month or seven thousand five hundred dollars (\$7,500) per month for use by Seller in paying for office space used by the Seller as an alternative to the office space described in the Chamber Lease until the damage is repaired such that the Premises under the Chamber Lease can be delivered by Buyer to Seller and used by Seller as office space or the Chamber Area under the TIC Agreement is delivered to the Seller, all as more particularly set forth in the Chamber Lease. Seller shall maintain its present casualty insurance policy with respect to the Property in full force and effect until the close of escrow.

7. Disclaimer and As Is Purchase

7.1 Disclaimer. Except as may be expressly set forth in this Agreement, Seller makes no representations or warranties, either express, implied or statutory, relating to the Property, any improvements thereon, or any other matter, all such representations and warranties being hereby expressly disclaimed. Without limiting the generality of the foregoing, Seller makes no representations or warranties with respect to: (i) any environmental matters, including without limitation, the presence of Hazardous Substances on the Property; (ii) geological, seismic or soil conditions; (iii) zoning or other use requirements; or (iv) the suitability of the Property or improvements thereon for Buyer's purposes, or fitness for any use or purpose whatsoever.

7.2 "AS-IS" Sale. Buyer acknowledges the foregoing disclaimers and that, except as expressly set forth in this Agreement, neither Seller nor anyone acting on Seller's behalf has made any representation or warranty, express, implied or statutory, with respect to the Property, its present condition or its fitness or suitability for any particular purpose, and Buyer hereby waives all such representations and warranties, except that Seller acknowledges that the foregoing disclaimers and releases set forth in Section 7.3 shall not apply to or affect Seller's obligations to disclose to Buyer material facts regarding the Property that are known to Seller. Subject to the foregoing, and except as otherwise provided in Section 7.2, Buyer confirms that it is acquiring fee title to the Property **"AS IS, WHERE IS"** in its present state and condition and **"WITH ALL FAULTS.** Buyer further confirms that prior to the Close of Escrow, Buyer will have the opportunity to investigate all physical, environmental and economic aspects of the Property and to make all inspections and investigations of the Property that Buyer deems necessary or desirable to protect its interests in acquiring the Property and that, subject to any legal obligation that Seller, as a seller of real property in California, has to disclose material facts regarding the Property that are known to Seller (provided that Seller has no obligation to disclose facts known to former employees of Seller that are not otherwise known to Seller), Buyer is relying solely upon its inspection and investigation of the Property and all laws, including environmental laws and all ordinances, which might affect use and development of the Property. Buyer further acknowledges that Seller has had and has no obligation to conduct any investigations whatsoever in connection with the sale of the Property to Buyer.

7.3 Waiver and Release. Effective as of the Closing, Buyer on its own behalf and on behalf of its directors, officers, employees, affiliates, representatives, successors and assigns (collectively "**Buyer Parties**") hereby agrees that Seller and each of Seller's directors, officers, employees, affiliates, representatives, successors and assigns (collectively "**Seller Parties**") shall be fully and forever released and discharged from any and all liabilities, losses, claims (including third party claims), demands, damages, causes of action, costs, penalties, fines, judgments, attorneys' fees, consultants' fees and costs and experts' fees (collectively "**Claims**") whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with or related to the Property including, without limitation, the physical or environmental condition of the Property or any law or regulation applicable thereto, and further including, without limitation, any Claim or matter relating to or arising from: (i) the use, presence, storage, release, discharge, migration or transportation of Hazardous Substances on, in, under, about or to or from the Property regardless of when such Hazardous Substances were first introduced on, in, under, about, or transported to or from, the Property; (ii) any patent or latent defects or deficiencies with respect to the Property or improvements thereon; and (iii) the operation of the Property. Except as otherwise provided in Section 7.2, Buyer, for itself and the Buyer Parties, expressly waives the provisions of California Civil Code Section 1542 which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

Buyer, for itself and the Buyer Parties, elects to and does assume all risk for such Claims heretofore and hereafter arising, whether now known or unknown by Buyer. Seller and Buyer each have initialed this Section 7 to further indicate their awareness and acceptance of each and every provision hereof.

SELLER'S INITIALS: 

BUYER'S INITIALS: _____

7.4 Survival. The provisions of this Section 7 shall survive the Close of Escrow and shall not be deemed merged into any instrument or conveyance delivered at the Closing.

8. INCORPORATION OF EXHIBITS. All exhibits attached hereto and referred to herein are incorporated in this Agreement as though fully set forth herein.

9. ATTORNEYS' FEES. In the event of a dispute between Buyer and Seller regarding any of the terms and provisions of this Agreement, or the transaction described herein, or any action to enforce the terms of this Agreement, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, not limited to taxable costs, reasonable attorneys' fees and reasonable fees of expert witnesses.

10. NOTICES. All notices, requests, demands and other communication given or required to be given hereunder shall be in writing and personally delivered, sent by first class certified mail, postage prepaid, return receipt requested, or sent by a nationally recognized courier service such as Federal Express, addressed to the parties as follows:

To Buyer: City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attn: Director of Administrative Services/CFO

With a copy to: City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Attorney

To Seller: Beverly Hills Chamber of Commerce
and Civic Association
239 South Beverly Drive
Beverly Hills, California
Attention: Daniel Walsh

With a copy to: Ervin, Cohen & Jessup
9401 Wilshire Boulevard, Ninth Floor
Beverly Hills, CA 90212
Attention: Debra L. James, Esq.

To Escrow Holder/
Title Company: Stewart Title of California, Inc.
525 N. Brand Blvd.
Glendale, CA 91203
Attention: Betty Lee, Escrow Officer
Larry McGuire, Title Officer
(Escrow No. 295480)

Delivery of any notice or other communication hereunder shall be deemed made on the date of actual delivery thereof to the address of the addressee, if personally delivered, and on the date indicated in the return receipt or courier's records as the date of delivery or as the date of first attempted delivery, if sent by certified mail or courier service. Any party may change its address for purposes of this Section by giving notice to the other party as herein provided.

11. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their successors and assigns.

12. ENTIRE AGREEMENT. This Agreement and the T in C Purchase Agreement contain all of the agreements of the parties hereto with respect to the matters contained herein, and all prior or contemporaneous agreements or understandings, oral or written, pertaining to any such matters are merged herein and shall not be effective for any purpose. No provision of this Agreement may be amended, supplemented or in any way modified except by an agreement in writing signed by the parties hereto or their respective successors in interest and expressly stating that it is an amendment of this Agreement.

13. HEADINGS. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions of this Agreement.

14. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

15. SURVIVAL. Any provision hereof which is executory as of the Closing Date survive the close of escrow and delivery of the Grant Deed and shall continue to be a binding provision on the parties hereto according to its terms.

16. TIME OF THE ESSENCE. Time is of the essence of this Agreement.

17. THIRD PARTIES. Nothing contained in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

18. SEVERABILITY. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless such invalidity, illegality or unenforceability materially affects the economic terms of the transactions contemplated by this Agreement or the ability of either party to perform its obligations under this Agreement. In such case, either party may terminate this Agreement and the escrow upon written notice to the other party given no later than ten (10) business days after the party giving such notice becomes aware of such invalidity, illegality or unenforceability. In the event of such termination, the provisions of Section 4.9 shall govern.

19. ADDITIONAL DOCUMENTS; FURTHER ASSURANCES. Each party hereto agrees to perform any further acts and to execute, acknowledge and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

20. CITY AS BUYER. Seller acknowledges that Buyer is entering into this Agreement in its proprietary capacity such that, except as otherwise expressly provided in this Agreement, neither the provisions of this Agreement nor any consent or approval given by Buyer under this Agreement shall waive or modify any of Buyer's rights in its governmental capacity.

21. AMENDMENTS. The City Manager of Buyer shall have the right to enter into amendments of this Agreement without the approval of the City Council of Buyer provided that such amendments do not increase the Purchase Price or alter the material business terms of the Chamber Lease.

22. LIQUIDATED DAMAGES FOR BUYER DEFAULT. In the event that escrow fails to close as the result of a default by Buyer under this Agreement (or a default by Buyer, as seller under the T in C Purchase Agreement), Seller shall be entitled to receive and retain all interest Seller has earned, as of the date of such default, on the Seller Deposit pursuant to Section 4.3.1, and Seller shall be entitled to damages from Buyer in an amount equal to: (a) the amount

of interest that Buyer has earned, as of the date of such default, on the Buyer Deposit; plus (b) if the date of default is less than one year following the date of this Agreement, an amount equal to the amount of interest Buyer could have earned on the Buyer Deposit and the Seller Deposit together for the period from the date of such default through the date that is one year after the date of this Agreement at the same average rate of interest that Buyer earned on the Buyer Deposit through the date of such default.

IF CLOSING FAILS TO OCCUR BECAUSE OF BUYER'S DEFAULT, SELLER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THOSE DAMAGES, BUT SUCH DAMAGES WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN; PROOF OF THE AMOUNT OF SUCH DAMAGES WILL BE BASED ON OPINIONS OF VALUE OF THE PROPERTY (WHICH CAN VARY IN SIGNIFICANT AMOUNTS). BOTH BUYER AND SELLER WISH TO AVOID THE COSTS AND LENGTHY DELAYS THAT WOULD RESULT IF SELLER FILED A LAWSUIT TO COLLECT ITS DAMAGES FOR A BREACH OF THIS AGREEMENT. IF CLOSING FAILS TO OCCUR BECAUSE OF BUYER'S DEFAULT, THEN THIS AGREEMENT SHALL AUTOMATICALLY TERMINATE WITHOUT FURTHER NOTICE, THE PARTIES SHALL BE RELIEVED OF THEIR OBLIGATIONS HEREUNDER EXCEPT AS EXPRESSLY PROVIDED OTHERWISE HEREIN, AND THE AMOUNTS PROVIDED FOR IN THIS SECTION 22 SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF SELLER'S DAMAGES AND SHALL BE DUE TO SELLER AS LIQUIDATED DAMAGES. SELLER'S SOLE AND EXCLUSIVE REMEDY (EXCEPT AS SET FORTH BELOW) IN THE EVENT ESCROW FAILS TO CLOSE BECAUSE OF THE BUYER'S DEFAULT SHALL BE LIMITED TO RECEIPT AND RETENTION OF THE AMOUNTS SET FORTH IN THIS SECTION 22. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

NOTWITHSTANDING THE FOREGOING, THIS LIQUIDATED DAMAGES PROVISION SHALL NOT LIMIT SELLER'S RIGHT TO (I) RECEIVE REIMBURSEMENT FOR OR RECOVER DAMAGES IN CONNECTION WITH ANY INDEMNITY BY BUYER OF SELLER AND/OR (II) RECOVER ATTORNEYS' FEES AND COURT COSTS. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671. THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

BUYER'S INITIALS



SELLER'S INITIALS

Buyer and Seller intend that the liquidated damages described herein shall be the liquidated damages for a default by Buyer under this Agreement, a default by Buyer as seller under the T in C Purchase Agreement or both, and if Buyer defaults under both this Agreement and the T in C Purchase Agreement, the liquidated damages amount described herein shall be

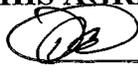
payable only once by Buyer (not once under this Agreement and a second time under the T in C Purchase Agreement).

23. LIQUIDATED DAMAGES FOR SELLER DEFAULT. In the event that escrow fails to close as the result of a default by Seller under this Agreement (or a default by Seller as Buyer under the T in C Purchase Agreement), then provided Buyer does not elect to pursue the remedy of specific performance, Buyer shall be entitled to damages in an amount equal to the amount of interest that Seller has earned, as of the date of such default, on the Seller Deposit.

IF CLOSING FAILS TO OCCUR BECAUSE OF SELLER'S DEFAULT, BUYER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THOSE DAMAGES, BUT SUCH DAMAGES WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN; PROOF OF THE AMOUNT OF SUCH DAMAGES WILL BE BASED ON OPINIONS OF VALUE OF THE PROPERTY (WHICH CAN VARY IN SIGNIFICANT AMOUNTS). BOTH BUYER AND SELLER WISH TO AVOID THE COSTS AND LENGTHY DELAYS THAT WOULD RESULT IF BUYER FILED A LAWSUIT TO COLLECT ITS DAMAGES FOR A BREACH OF THIS AGREEMENT. IF CLOSING FAILS TO OCCUR BECAUSE OF SELLER'S DEFAULT, THEN THIS AGREEMENT SHALL AUTOMATICALLY TERMINATE WITHOUT FURTHER NOTICE, THE PARTIES SHALL BE RELIEVED OF THEIR OBLIGATIONS HEREUNDER EXCEPT AS EXPRESSLY PROVIDED OTHERWISE HEREIN, AND THE AMOUNTS PROVIDED FOR IN THIS SECTION 23 SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF BUYER'S DAMAGES AND SHALL BE DUE TO BUYER AS LIQUIDATED DAMAGES. BUYER'S SOLE AND EXCLUSIVE REMEDY (EXCEPT AS SET FORTH BELOW) IN THE EVENT ESCROW FAILS TO CLOSE BECAUSE OF SELLER'S DEFAULT SHALL BE LIMITED TO RECEIPT AND RETENTION OF THE AMOUNTS SET FORTH IN THIS SECTION 23. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

NOTWITHSTANDING THE FOREGOING, THIS LIQUIDATED DAMAGES PROVISION SHALL NOT LIMIT BUYER'S RIGHT TO (I) RECEIVE REIMBURSEMENT FOR OR RECOVER DAMAGES IN CONNECTION WITH ANY INDEMNITY BY SELLER OF BUYER AND/OR (II) RECOVER ATTORNEYS' FEES AND COURT COSTS. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO BUYER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671. THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

BUYER'S INITIALS



SELLER'S INITIALS

Buyer and Seller intend that the liquidated damages described herein shall be the liquidated damages for a default by Seller under this Agreement, a default by Seller as buyer

under the T in C Purchase Agreement or both, and if Buyer defaults under both this Agreement and the T in C Purchase Agreement, the liquidated damages amount described herein shall be payable only once by Buyer (not once under this Agreement and a second time under the T in C Purchase Agreement).

24. TAX DEFERRED EXCHANGE. Seller shall have the right to create a tax-deferred exchange pursuant to Section 1031 of the Internal Revenue Code and to assign Seller's rights and obligations under this Agreement to a third party or to a designee to facilitate such exchange. Buyer shall reasonably cooperate with Seller in any manner reasonably necessary to enable Seller to qualify for said exchange, so long as there is no additional cost or liability to Buyer and the close of escrow is not delayed as a result thereof.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SELLER:

BEVERLY HILLS CHAMBER OF COMMERCE
AND CIVIC ASSOCIATION,
a California nonprofit corporation

By: 
Daniel C. Walsh,
President & CEO

BUYER:

CITY OF BEVERLY HILLS,
a municipal corporation

By: _____
JIMMY DELSHAD
Mayor of the City of Beverly Hills

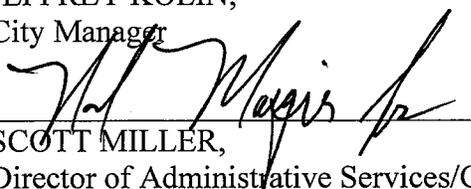
ATTEST:

(SEAL)

BYRON POPE,
City Clerk

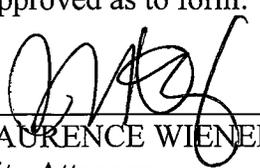
Approved as to content:

JEFFREY KOLIN,
City Manager



SCOTT MILLER,
Director of Administrative Services/CFO

Approved as to form:



LAURENCE WIENER,
City Attorney

EXHIBIT "A"

DESCRIPTION OF THE LAND

Lot 13, of Tract No. 7710, in the City of Beverly Hills, County of Los Angeles, State of California, as per map recorded in Book 83, Page(s) 94 and 95 of Maps, in the Office of the County Recorder of said County.

EXHIBIT "B"

FORM OF CHAMBER LEASE

[Attached.]

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR OFFICE LEASE AT 239 S. BEVERLY DRIVE

1. **DATE; PARTIES.** This AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR OFFICE LEASE AT 239 S. BEVERLY DRIVE (the "**Lease**") is dated as of _____, 20__ and is entered into by and between the CITY OF BEVERLY HILLS, a municipal corporation ("**City**"), as City, and the BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION, a California nonprofit corporation ("**Tenant**"), as tenant.

2. **LEASE OF PREMISES.**

2.1 **Lease to Tenant.** City hereby leases to Tenant, and Tenant hereby leases from City, 2,500 square feet on the first floor of the building located at 239 South Beverly Drive, Beverly Hills, California ("**Building**") described and outlined on Exhibit A hereto ("**Premises**"), on the terms and conditions herein.

2.2 **Separation of CVB Premises.** Tenant shall not be responsible for paying any costs of moving the Conference and Visitor Bureau ("**CVB**") from the Premises (which are on the first floor) or physically separating the space currently occupied by CVB from the remainder of the Premises. In the event that the space currently occupied by CVB is to be physically separated from the remainder of the Premises, the City shall prepare the plans for such separation and Tenant shall have the right to approve those plans provided that Tenant's approval shall not be unreasonably withheld, conditioned or delayed.

2.3 **Premises As-Is.** City and Tenant acknowledge that prior to the date hereof, Tenant has owned and occupied the Building and Project (hereinafter defined), that City is acquiring the Project from Tenant and that, as of the date of this Lease, Tenant is in possession of and is occupying the Premises. City makes no warranties or representations, express or implied, regarding the condition of the Premises, Tenant shall take possession of the Premises in its current "as is" condition as of the date of such possession and occupancy, and Tenant accepts rights hereunder with respect to other aspects of the Building and Project subject to the current "as-is" condition of the Building and Project. In no event shall City be obligated to Tenant to correct, remediate, renovate, repair or improve any improvement or condition that is not in compliance with law as of the date on which City acquires title to the Building.

3. **COMMON AREAS AND PROJECT.**

3.1 **Definitions.** As used herein, the term "**Common Areas**" shall mean all areas within the exterior boundaries of the parcel of land on which the Building is located that are now or later made available for the general use of all persons entitled to occupy the Building, including without limitation, all lobbies, common corridors and hallways, stairwells, elevators, restrooms, parking facilities and other open areas. The current configuration of the Common Areas is shown on Exhibit B hereto. The term "**Project**" shall mean the Building together with the parcel of land on which the Building is located.

3.2 Tenant Use. At all times during the Term, Tenant shall have the right to the nonexclusive use of the Common Areas.

3.3 City Use. City shall have the right to: (a) utilize from time to time any portion of the Common Areas for promotional, entertainment and related matters; (b) place permanent or temporary kiosks, displays, carts and stands in the Common Area and lease same to tenants; (c) restrain the use of the Common Areas by unauthorized persons; (d) temporarily close any portion of the Common Areas for repairs, improvements or alterations, or to prevent dedication or an easement by prescription, or for any other reason deemed sufficient in City's reasonable judgment; (e) renovate, upgrade or change the shape and size of the Common Areas or add, eliminate or change the location of improvements to the Common Areas including, without limitation, parking areas, roadways and curb cuts; and (f) construct improvements on the Common Area; provided, however, that in each case, any exercise of City's rights with respect to the Common Areas: (i) shall, to the extent legally required of City, be in compliance with all laws, ordinances, regulations, rules and orders of any federal, state, county, municipal or other governmental authority ("**Laws**") pertaining to the Project, the Building or the Premises or any such uses by City, including without limitation, all Laws with respect to required permits or licenses; and (ii) shall not (A) interfere with Tenant's use and enjoyment of the Premises as provided in Section 6; or (B) unreasonably impede or interfere with unfettered access to the Premises by Tenant and its employees, agents, guests and invitees.

4. **TERM.** The term of this Lease ("**Term**") shall commence on the date hereof (the "**Commencement Date**") and shall expire on the date that is sixty (60) days following the first date that: (a) all conditions to the Chamber Possession Date, as defined in and pursuant to the terms of that certain Agreement by and between the City of Beverly Hills and the Beverly Hills Chamber of Commerce and Civic Association for Tenancy in Common at 9400 Santa Monica Boulevard herewith between City and Tenant ("**TIC Agreement**"), have been met; (b) City has delivered to Tenant a Certificate of Occupancy for the Required Improvements, as defined in the TIC Agreement; and (c) City is otherwise prepared to deliver possession of the Chamber Area, as defined in the TIC Agreement, to Tenant; or (d) Tenant vacates the Premises in connection with a termination of the TIC Agreement by Tenant under Section 1(g) of the TIC Agreement; or (e) City purchases the Tenant's tenancy-in-common interest in 9400 Santa Monica Boulevard in Beverly Hills, California pursuant to the terms of Section 9 of the TIC Agreement; provided, however, that if Tenant delivers a Put Notice under Section 9 of the TIC Agreement, then Tenant may elect by written notice to City given concurrently with Tenant's delivery of the Put Notice to City under Section 9 of the TIC Agreement (which may be included in said Put Notice) to extend the Term of this Lease to the date that is six (6) calendar months after the closing of the City's purchase, in which case the rent for such six (6) month period shall be one dollar (\$1.00).

5. **RENT; OFFSET OF RELOCATION BENEFITS; WAIVER.**

5.1 Rent. During the Term, Tenant shall pay to City as annual rent, without deduction, setoff, notice or demand, the following amounts: (a) from the Commencement Date until the date that is two (2) years after the Commencement Date, Sixty Thousand Dollars (\$60,000) per year, paid in advance in the amount of five thousand dollars (\$5,000) on the first day of each calendar month; and (b) from the date that is two (2) years after the Commencement

Date until the end of the Term, one dollar (\$1) per year, on such date that is two years after the Commencement Date and on each anniversary of such date thereafter.

5.1.1 Relocation Benefits. City shall pay to Tenant Sixty Thousand Dollars (\$60,000) on the Commencement Date and Sixty Thousand Dollars (\$60,000) on or before the first anniversary of the Commencement Date (for a total of One Hundred Twenty Thousand Dollars (\$120,000)); provided that if the Term expires prior to one or both of the first two anniversaries of the Commencement Date, or is terminated due to Tenant's default hereunder, but not if the Lease is terminated by City or Tenant pursuant to Section 21, Section 22 or any other provision of this Lease other than Section 18, then on the last day of the Term, Tenant shall refund to City an amount equal to any amounts previously paid to Tenant pursuant to this Section 5.2 but not theretofore paid by Tenant to City as annual rent. City and Tenant hereby stipulate and agree that the total amount City pays to Tenant pursuant to this Section 5.2 represents relocation benefits payable by City to Tenant as a result of Tenant relocating upon the expiration or earlier termination of this Lease. Tenant hereby stipulates and agrees that such sum and credit has been negotiated as a final settlement of relocation benefits and includes and satisfies any and all payments that may be required by relocation Laws and guidelines to be paid to Tenant arising out of the displacement of Tenant from the Property upon the expiration or earlier termination of this Lease. Tenant therefore hereby waives any and all claims for any and all other relocation assistance benefits, including without limitation compensation to which it may be entitled under state relocation assistance statutes and regulations, as a result of Tenant being required to move from the Premises and the Project.

_____ Tenant's Initials

6. **USE.** Tenant shall use the Premises solely for the purpose of operating a local chamber of commerce (i.e., the chamber of commerce for the City of Beverly Hills, California). Tenant shall not use or permit the Premises to be used for any other purpose without the prior written consent of City, which City may withhold in its sole and absolute discretion.

7. **ALTERATIONS AND IMPROVEMENTS.**

7.1 Tenant Alterations. Tenant shall not make any changes, alterations or additions (collectively "**Alterations**") to the Premises without City's prior written approval, which City shall not unreasonably withhold, condition or delay. City's approval process with respect to any request by Tenant to make any Alterations shall be in addition to any municipal code, regulatory and legal requirements. If Tenant's Alterations necessitate additional improvements to the Building under applicable law, then City shall have the right to approve the additional improvements. The additional improvements shall be performed by Tenant, at Tenant's cost.

7.2 Interior Alterations. Notwithstanding Section 7.1 to the contrary, Tenant may make strictly cosmetic Alterations to the finish work in the Premises (but not including any changes affecting the Premises or Project structure, outside appearance, or systems and equipment) without City's consent, provided that the aggregate cost of any such Alterations does not exceed Fifteen Thousand Dollars (\$15,000.00) in any twelve (12) month period, and such Alterations do not require any substantial modifications to the Premises. Tenant shall give City

at least ten (10) days prior notice of such Alterations, which notice shall be accompanied by reasonably adequate evidence that such Alterations meet the criteria contained in this Section 7.2.

7.3 Costs, Contractors and Plans. Any Alterations approved by City pursuant to Section 7.1 and any Alterations performed by Tenant pursuant to Section 7.2 shall be completed by Tenant at its sole cost and expense and shall be performed in accordance with the terms hereof, using only contractors or mechanics approved by City in writing and where required by the provisions of Section 7.1, upon the approval by City in writing of plans and specifications pertaining to the Alterations in question, to be prepared and submitted by Tenant at its sole cost and expense, which approval City shall not unreasonably withhold, condition or delay. Tenant shall at its sole cost and expense obtain all necessary approvals and permits pertaining to any such Alterations. Tenant shall cause all such Alterations to be performed in a good and workmanlike manner, in conformance with all applicable Laws pursuant to a valid building permit. All such Alterations to be made to the structure of or improvements on the Premises also shall be under the supervision of a competent architect or competent licensed structural engineer.

8. MAINTENANCE.

8.1 Tenant shall maintain the Premises in condition and repair equivalent to the condition of the Premises on the Commencement Date, subject to ordinary wear and tear, at Tenant's sole cost and expense.

8.2 City shall maintain, in good condition and repair and in compliance with all Laws: (a) the structural portions of the Building, including the foundation, floor/ceiling slabs, roof, exterior walls and glass, columns, beams, shafts, stairs, stairwells and elevator cabs; (b) the Building mechanical, electrical, life safety, plumbing, sprinkler and heating, ventilating and air-conditioning systems; and (c) the Common Areas, and City shall provide all janitorial, gardening and maintenance services to the Common Areas, all at City's sole cost and expense.

9. ASSIGNMENT AND SUBLETTING. Tenant shall not either voluntarily, or by operation of Law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest herein, or any right or privilege appurtenant hereto, or allow any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without first obtaining the written consent of City, which consent may be withheld in the City's sole and absolute discretion. A consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Consent to any such assignment or subletting shall in no way relieve Tenant of any liability under this Lease, whether or not the term of the Lease is extended by the assignee or sublessee. Any such assignment or subletting without such consent shall be void, and shall, at the option of the City, constitute a default under this Lease.

10. INDEMNIFICATION OF CITY. Tenant shall indemnify and hold harmless City, the City Council and each member thereof, and City's officers, employees and agents (all collectively referred to as "City Indemnitee") against and from any and all claims, losses,

damages, liabilities, costs and expenses (including attorneys' fees and costs) (collectively "Claims") to the extent arising from Tenant's use of the Premises, or from the conduct of its business or any activity, work or other things done or suffered by Tenant in or about the Premises, excluding, however, acts and omissions by any City Indemnitee or any of City's contractors, other tenants, guests or invitees. If any action or proceeding is brought against any City Indemnitee by reason of any Claim, Tenant, upon notice from any City Indemnitee, shall defend such City Indemnitee at Tenant's expense, by counsel reasonably satisfactory to City. Tenant shall give prompt notice to City in case of casualty or any accident on the Premises.

11. INSURANCE.

11.1 Tenant's Insurance. Tenant shall, at all times during the Term, at its own cost and expense, procure and continue in force the following insurance coverage: (a) Commercial General Liability Insurance with a combined single limit for bodily injury and property damage of not less than Two Million Dollars (\$2,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the annual aggregate, including contractual coverage covering the insuring and indemnification provisions of this Lease; (b) a policy of standard fire, extended coverage and special extended coverage insurance (all risks), including a vandalism and malicious mischief endorsement, in an amount equal to the full replacement value of all trade fixtures, furniture, equipment and other personal property installed by or at the expense of Tenant; and (c) Worker's Compensation coverage as required by Law.

11.2 City's Insurance. City shall, at its own cost and expense, procure and maintain at all times during the Term the following insurance coverage: (a) Commercial General Liability Insurance with a combined single limit for bodily injury and property damages of not less than Two Million Dollars (\$2,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the annual aggregate, including contractual coverage covering the insuring and indemnification provisions of this Lease; and (b) fire and extended coverage insurance and comprehensive liability insurance for the benefit of City and Tenant covering the Project in such types and amounts as are typically maintained from time to time by City for office buildings owned by City.

11.3 Form of Policies. The Commercial General Liability Insurance policy of Tenant shall name City, and the Commercial General Liability Insurance policy of City shall name Tenant, as additional insureds with an appropriate endorsement to each policy, which endorsement also shall provide that any cancellation or modification of such policy shall require thirty (30) days notice to the additional insured. All such insurance policies shall be with companies having a rating of not less than A-VIII in Best's Insurance Guide. Each of Tenant and City shall furnish to the other, from the insurance companies, or cause the insurance companies to furnish, certificates of the required coverage. All such policies shall be endorsed to provide that the policy is primary and that any insurance carried by the other party is excess and not contributing with any insurance requirement hereunder. Each of Tenant and City shall, at least twenty (20) days prior to the expiration of such policies, furnish the other with renewals or binders. Each of Tenant and City agrees that if the other does not take out and maintain such insurance or furnish the other with renewals or binders in a timely manner, the other may (but shall not be required to) procure said insurance on the other's behalf and charge the other the

cost thereof, which amount shall be payable by the other upon demand with interest at the rate of ten percent (10%) from the date such sums are extended.

11.4 Waiver of Subrogation. City and Tenant each agree to require their respective insurers issuing the insurance described in this Section 11 to waive any rights of subrogation that such companies may have against the other party. Tenant hereby waives any right that Tenant may have against City and City hereby waives any right that City may have against Tenant as a result of any loss or damage to the extent such loss or damage is insurable under such policies.

12. UTILITIES; BUILDING SERVICES

12.1 Utilities. City shall provide utilities of electricity, gas and water to the Project (“Utilities”), and electricity shall be separately metered for the Premises. City also shall provide HVAC services to the Building and Project, but City shall have no obligation to furnish any security guards or Building attendants. City shall pay the costs of all Utilities and HVAC services, except electricity separately metered to the Premises, which Tenant shall pay directly to the electricity provider. For all Utilities except electricity, Tenant shall pay to City from time to time the Tenant’s fair share (as determined by City in good faith and reasonably approved by Tenant) of the invoices City receives from the Utilities providers for Utilities provided to the Project, no later than fifteen (15) Business Days following City’s delivery to Tenant of a copy of any such invoice(s) and City’s calculation of such fair share.

12.2 Hours. Tenant shall have access to the Premises, and City shall cause all utilities except HVAC to be provided to the Premises, twenty four (24) hours a day, seven (7) days a week, subject to events beyond City’s control, emergencies and necessary repairs. City shall cause HVAC services to be provided to the Premises between the hours of 7 a.m. and 7 p.m. on all Business Days; however, Chamber shall have the right to request, on no less than forty eight hours telephonic notification, that City cause HVAC services to be provided on Saturday (but not on Sunday or on holidays) and upon receipt of such request, City shall provide HVAC services on the requested Saturday between the hours 9 a.m. and 1 p.m. at no extra charge to Chamber. Chamber shall pay to City, as additional rent, within ten (10) days after written demand from time to time, the City’s actual cost for providing HVAC service provided at Chamber’s request during hours other than 7 a.m. to 7 p.m. on Business Days and 9 a.m. to 1 p.m. on Saturdays. As used in this Lease “**Business Day**” is any Monday through Friday that City offices are open to the public and weekends and holidays are any days that the City’s offices are not so open; however, any mandatory furlough day for City employees is a Business Day even if City offices are not open to the public on such days.

12.3 No City Liability. Notwithstanding City’s obligation to provide Utilities, HVAC and other services to the Premises pursuant to this Lease, City shall not be liable in damages or otherwise for any failure or interruption of any such Utilities or services unless such failure or interruption is caused by the gross negligence of City or its employees or agents, and no such failure or interruption shall entitle Tenant to terminate this Lease, or to an abatement of or offset against any sums payable to City under this Lease. In the event of any such failure or interruption in Utilities or services, City shall promptly upon telephonic or other notice from

Chamber, at City's cost and expense, take all actions commercially reasonable to restore such Utility or service as soon as commercially reasonable.

13. **SIGNS AND DECORATIONS.** Tenant shall have the right to maintain: (a) all signs, lettering, placards and the like relating to Tenant; (b) all lighting and plumbing fixtures; and (c) all shades, awnings and decorations, in each case that, as of the date of this Lease, are located on the Project or on the exterior of the Building or the Premises, but shall not, without City's prior written approval, install or affix any more of such items. At no time shall Tenant cause or permit to be used any advertising, loudspeakers, or unusually bright or flashing lights which may be seen or heard outside the Premises.

14. **COMPLIANCE WITH LAWS.** Tenant, at its expense, shall comply promptly with all applicable Laws pertaining to the Premises or Tenant's use or occupancy of the Premises or improvement of the Premises (including Laws pertaining to non-structural improvements required by Law, the location and maintenance of trade fixtures, equipment and other personal property; the conduct of Tenant's employees; preparation, storage, and service of food and drink, but excluding new Laws or changes in Laws that require improvements to the structural components of the Premises).

15. **RIGHT OF ACCESS.** The City and City's officers, employees, and agents shall at all reasonable times, upon no less than forty eight (48) hours written notice to Tenant, have the right to enter the Premises for the purpose of inspecting the same, posting notices of non-responsibility or any other notices required by Law for the protection of the City, doing any work that City is permitted or required to perform under this Lease, and making any reasonable repairs which the City determines may be required. Tenant shall furnish City with a pass key to the Premises which the City shall use only in case of emergency to prevent or investigate a crime, or in such cases where access is necessary to prevent damage to the Building or to the Premises or to make repairs necessary to ensure continuous operation of the Building. City shall have the right to enter the Premises and post "For Lease" or "For Rent" signs in any windows of the Premises after delivery of any notice of termination. In conducting its activities on the Premises as allowed in this section City shall use good faith efforts to attempt to minimize the inconvenience, annoyance, or disturbance to Tenant.

16. **TAXES.** Tenant shall pay or cause to be paid, before delinquency, any and all taxes levied and assessed which become payable, or which become a lien upon the Premises or the Property, during the term hereof, upon or against: (a) improvements made by Tenant; (b) any equipment, furniture, fixtures and other personal property located in or on the Premises; and (c) Tenant's interest in the Property or Premises arising as a result of this Lease, including without limitation, the possessory interest evidenced by this Lease.

17. **RULES AND REGULATIONS.** Tenant shall comply with all reasonable and non-discriminatory rules and regulations and amendments thereto for the Building provided by City to Tenant from time to time. City shall not be responsible to Tenant for the nonperformance of any rules and regulations by any other lessees or occupants of the Building.

18. **TENANT'S DEFAULT.**

18.1 Event of Default. Any of the following events shall constitute an "Event of Default" by Tenant under this Lease:

18.1.1 Tenant fails to make any payment of money called for by any provision of this Lease (whether to City or any third party) when due, where such failure continues for a period of five (5) Business Days following written notice from City to Tenant; or

18.1.2 Tenant fails to perform fully and when due any of its other covenants, conditions or obligations under this Lease and within thirty (30) days following receipt of written notice from City specifying the nature of such failure of Tenant, Tenant: (a) does not commence taking all necessary and appropriate actions to remedy such failure; or (b) does not thereafter diligently and continuously pursue all such remedial actions until such failure is remedied; or

18.1.3 Tenant dissolves; or

18.1.4 Tenant makes a general assignment for the benefit of creditors or a voluntary or involuntary petition is filed by or against Tenant under any law for the purpose of adjudicating Tenant a bankrupt, or for extending time for payment, adjustment or satisfaction of Tenant's liabilities, or for reorganization, dissolution or arrangement on account of or to prevent bankruptcy or insolvency, unless such assignment or proceeding, and all consequent orders, adjudications, custodies and supervisions are dismissed, vacated or otherwise permanently stayed or terminated within sixty (60) days after such assignment, filing or other initial event.

18.2 City Remedies Upon Tenant Default. Upon the occurrence of any Event of Default by Tenant, and without giving any additional notice not otherwise required hereunder or by law, City may exercise the following rights and remedies in addition to all other rights and remedies provided by law or equity, either cumulatively or in the alternative:

18.2.1 Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to City. In such event City shall be entitled to recover from Tenant any sums paid by City to Tenant under Section 5.1.1 and not yet paid by Tenant to City for rent, and Tenant hereby stipulates and agrees that such sums are necessary to compensate City for the detriment proximately caused by Tenant's failure to perform its obligations under this Lease. City shall also be entitled to receive amounts otherwise necessary to compensate City for the detriment caused by Tenant's failure to perform its obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom, including the cost of recovering possession of the Premises and reasonable attorneys' fees incurred in connection therewith, but not including expenses of reletting or any renovations or alterations of the Premises. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, City shall have the right to recover in such proceeding any unpaid rent and damages as are recoverable therein in the amount set forth in subparts (i) and (ii) of this Section 18.2.1, or City may reserve the right to recover all or any part thereof in a separate suit. If any notice required under Section 18.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Tenant under the unlawful detainer statute shall also be deemed to constitute the notice required by Section 18.1. In such case, any applicable grace period required by Section 18.1 and

the unlawful detainer statute shall run concurrently, and the failure of Tenant to cure the Event of Default within the greater of the two such grace periods shall constitute both an unlawful detainer and an Event of Default entitling City to the remedies provided for in this Lease and/or by said statute. TENANT HEREBY EXPRESSLY WAIVES (I) THE TERMS OF SECTION 1951.2 OF THE CALIFORNIA CIVIL CODE TO THE EXTENT THEY CONFLICT WITH THIS SECTION 18.2.1; AND (II) ANY DEFENSE TO AN UNLAWFUL DETAINER ACTION BASED ON "HARDSHIP" AND ANY SIMILAR DEFENSE.

18.2.2 Maintain this Lease and Tenant's right to possession of the Premises in effect and continue to enforce all of City's rights and remedies hereunder, including the remedy described in California Civil Code Section 1951.4 (granting a City the right to continue a lease in effect after a tenant's breach and abandonment and to recover all rent as it becomes due if the tenant has the right to sublet or assign, subject only to reasonable limitations) provided that upon City's election of such remedy, City may not unreasonably withhold its consent to any assignment or subletting. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of City to protect City's interest under this Lease shall not constitute a termination of this Lease or Tenant's right to possession unless written notice of termination is given by City to Tenant.

18.2.3 Pursue any other remedy now or hereafter available under the laws or judicial decisions of the State of California. The expiration or termination of this Lease and/or the termination of Tenant's right to possession shall not relieve Tenant from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the Term or by reason of Tenant's occupancy of the Premises.

18.2.4 If Tenant fails to perform any affirmative duty or obligation under this Lease within five (5) business days after written notice (or in case of an emergency, without notice), the City may, at its option, perform such duty or obligation on Tenant's behalf. The costs and expenses of any such performance by City shall be due and payable by Tenant within ten (10) days after City's written demand therefore.

18.2.5 If any check given to City by Tenant shall not be honored by the bank upon which it is drawn, City, at its option, may require that all future payments by Tenant to City be made by bank cashier's check.

18.2.6 The remedies given to City in this Section shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this Lease.

19. DEFAULT BY CITY. City shall not be in default unless City fails to perform obligations required of City within thirty (30) days after written notice by Tenant to City specifying wherein City has failed to perform such obligation; provided, however, that if the nature of City's obligation is such that more than thirty (30) days are required for performance then City shall not be in default if City commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

20. **WAIVER.** The waiver by City of any breach of Tenant of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Tenant either of the same or a different provision of this Lease. The subsequent acceptance of rent pursuant to this Lease shall not constitute a waiver of any preceding default by Tenant other than default in the payment of the particular rental payment so accepted, regardless of City's knowledge of the preceding breach at the time of accepting the rent, nor shall acceptance of rent or any other payment after termination constitute a reinstatement, extension or renewal of the Term or revocation of any notice or other act by City. No waiver, benefit, privilege or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel or otherwise.

21. **DAMAGE; RECONSTRUCTION.** Within sixty (60) days after the date City learns of the necessity for any repairs to the Premises, the Building or the Project as a result of damage, City shall notify Tenant of City's estimated assessment of the period of time in which the repairs will be completed ("**Damage Repair Estimate**"). If any part of the Project is damaged by fire or other insured casualty and the Damage Repair Estimate indicates that repairs can be completed within one hundred eighty (180) days, City shall repair the damage, except Tenant shall be responsible for any damage to Tenant's trade fixtures, furniture, equipment and other personal property required to be covered by Tenant's insurance pursuant to Section 11.1(b). Until City's repairs are completed: (a) rent shall be abated in proportion to the part of the Premises which is unusable by Tenant in the conduct of its business; and (b) City shall pay to Tenant a portion of any insurance proceeds City receives as the result of such damage or rent abatement in an amount sufficient, when added to the amount of rent Tenant is saving by not paying rent under this Lease, to enable Tenant to lease space in the City of Beverly Hills substantially equivalent to the Premises for the balance of the Term, up to a maximum amount of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) per month during the first two years of the Term, and Seven Thousand Five Hundred Dollars (\$7,500.00) per month following the first two years of the Term, until such repairs are completed, unless the damage is due to the fault or neglect of Tenant, its employees, agents, contractors, guests or invitees, in which case there shall be an abatement of rent but no additional payment to Tenant from City. If the Damage Repair Estimate indicates that repairs cannot be completed within one hundred eighty (180) days, City may, at its option, either: (i) make such repairs in a reasonable time and in such event this Lease shall continue in effect, rent shall be abated and payments shall be made to Tenant in the manner provided in the preceding sentence; or (ii) elect not to effect such repairs and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after City learns of the necessity for repairs as a result of damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises. If City does not elect to terminate this Lease pursuant to City's termination right as provided above, and the Damage Repair Estimate indicates that repairs cannot be completed within one hundred eighty (180) days, Tenant may elect, not later than thirty (30) days after Tenant's receipt of the Damage Repair Estimate, to terminate this Lease by written notice to City effective as of the date specified in Tenant's notice. If City or Tenant elect to terminate this Lease pursuant to this provision, City shall continue to make payments due to Tenant under Section 5.1.1 and additionally pay to Tenant an amount sufficient, when added to the amount of rent Tenant is saving by not paying rent under this Lease, to enable Tenant to lease space in the City of Beverly Hills substantially equivalent to the Premises for the balance of the Term, up to a maximum amount of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) per month during the

first two years of the Term, and Seven Thousand Five Hundred Dollars (\$7,500.00) per month following the first two years of the Term, for the balance of the Term, unless the damage is due to the fault or neglect of Tenant, its employees, agents, contractors, guests or invitees, in which case there shall be an abatement of rent but no additional payment to Tenant from City. A total destruction of the Project shall automatically terminate this Lease. Upon such termination City shall continue to make payments due to Tenant under Section 5.1.1 and additionally pay to Tenant a portion of any insurance proceeds City receives as the result of such damage in an amount sufficient, when added to the amount of rent Tenant is saving by not paying rent under this Lease, to enable Tenant to lease space in the City of Beverly Hills substantially equivalent to the Premises for the balance of the Term, up to a maximum amount of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) per month during the first two years of the Term, and Seven Thousand Five Hundred Dollars (\$7,500.00) per month following the first two years of the Term, for the balance of the Term, unless the damage is due to the fault or neglect of Tenant, its employees, agents, contractors, guests or invitees, in which case there shall be an abatement of rent but no additional payment to Tenant from City. Except as provided in this Article 21, there shall be no abatement of rent and no liability of City by reason of any injury to or interference with Tenant's business or property arising from any damage or destruction, or the making of any repairs, alterations or improvements to repair such damage, in or to any portion of the Project, the Building or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant understands that City will not carry insurance of any kind on Tenant's trade fixtures, furniture, equipment and other personal property required to be covered by Tenant's insurance pursuant to Section 11.1(b), and that City shall not be obligated to repair any damage thereto or replace the same. Tenant acknowledges that, except as expressly provided in this Section 21, Tenant shall have no right to any proceeds of insurance carried by City relating to property damage. With respect to any damage which City is obligated to repair or elects to repair, Tenant, as a material inducement to City entering into this Lease, irrevocably waives and releases its rights under the provisions of Sections 1932 and 1933 of the California Civil Code.

22. EMINENT DOMAIN. If the whole of the Premises or the Project or so much thereof as to render the balance unusable by Tenant shall be taken under power of eminent domain by any governmental authority other than City, or is sold, transferred or conveyed in lieu thereof, this Lease shall automatically terminate as of the date of such condemnation, or as of the date possession is taken by the condemning authority, at City's option. In the event of such termination, City shall continue to pay any amounts due to Tenant pursuant to Section 5.1.1 and any award for any partial or entire taking shall be apportioned, and Tenant shall have the right to be paid from any such award, an amount sufficient, when added to the amount of rent Tenant is saving by not paying rent under this Lease, to enable Tenant to lease space in the City of Beverly Hills substantially equivalent to the Premises for the balance of the Term, up to a maximum amount of Two Thousand Five Hundred and No/100 Dollars (\$2,500) per month during the first two years of the Term, and Seven Thousand Five Hundred Dollars (\$7,500.00) per month following the first two years of the Term, for the balance of the Term; provided, however, that nothing contained herein shall be deemed to give City any interest in or any right to require Tenant to assign to Landlord any award made to Tenant for the taking of personal property and trade fixtures belonging to Tenant and removable by Tenant at the expiration of the Term hereof as provided hereunder or for the interruption of, or damage to, Tenant's business. In the event of a partial taking described in this Section 22, or a sale, transfer or conveyance in lieu thereof, which does not result in a termination of this Lease, the rent shall be apportioned according to

the ratio that the part of the Premises remaining useable by Tenant bears to the total area of the Premises. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure.

23. **PAYMENTS AND NOTICES.** All payments hereunder shall be paid by Tenant to the Office of the Cashier of the City at 455 North Rexford Drive, Beverly Hills, California 90210 or at such other address or to such other persons as the City may from time to time designate in writing, and all notices delivered (separately) to the City Clerk of City and to the Chief Financial Officer of City at 455 North Rexford Drive, Beverly Hills, California 90210, or at such other addresses or to such other persons as the City may from time to time designate in writing. All notices given by City to Tenant hereunder shall be in writing and delivered to Tenant at the Premises.

24. **SUCCESSORS.** Each and every one of the terms, covenants, and conditions of this Lease shall inure to the benefit of and shall bind, as the case may be, not only the parties hereto but each and everyone of their successors, assigns, and legal representatives; provided, however, that any subletting or assignment by Tenant of the whole or any part of the Premises or any interest therein shall be subject to the provisions of Section 9 of this Lease.

25. **HOLDING OVER.** If Tenant, with City's prior written consent, remains in possession of the Premises after expiration or termination of the term, or after the date in any notice given by City to Tenant terminating this Lease, such possession by Tenant shall be deemed to be tenancy at will (or as otherwise expressly agreed by City in its written consent), terminable upon notice given at any time by either Party, at a monthly rental equal to the fair rental value of the Premises, as determined by City in its good faith discretion. All provisions of this Lease except those pertaining to rent and term shall apply to the tenancy.

26. **NOTICE PRIOR TO EXPIRATION; SURRENDER.** At the expiration or termination of the Term, Tenant shall surrender the Premises to the City in the same condition as received, reasonable wear and tear excepted, with all of Tenant's machinery, equipment and other trade fixtures having been removed. Tenant shall repair all damage to the Premises and Building caused by such removal.

27. **GENERAL PROVISIONS.**

27.1 **Time.** Time is of the essence of this Lease and each and all of its provisions.

27.2 **Prior Agreements.** This Lease and the TIC Agreement contain all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding other than this Lease and the TIC Agreement pertaining to any such matters shall be effective for any purpose.

27.3 **Inability to Perform.** This Lease and the obligations of Tenant hereunder shall not be affected or impaired because City is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of nature, or any cause, other than financial inability, beyond the reasonable control of City.

27.4 Partial Invalidity. Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

27.5 Amendments In Writing. No provision of this Lease may be amended or supplemented except by an agreement in writing signed by City and Tenant or their successors in interest.

27.6 Attorneys' Fees. In any action to enforce the terms of this Lease, including any suit by City for the recovery of rent or possession of the Premises, the losing party shall pay the successful party a reasonable sum for attorneys' fees and costs incurred by such party in such suit and such attorneys' fees and costs shall be deemed to have accrued prior to the commencement of such action and shall be paid whether or not such action is prosecuted to judgment.

27.7 Quiet Possession. Upon Tenant's paying Rent and other sums provided herein and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Term hereof, subject to all of the provisions of this Lease.

27.8 City's Approvals. Except as expressly provided to the contrary herein, neither City's execution of this Lease nor any consent or approval given by City hereunder in its capacity as City shall waive, abridge, impair or otherwise affect City's powers and duties as a governmental body. Any requirements under this Lease that Tenant obtain consents or approvals of City are in addition to and not in lieu of any requirements of law that Tenant obtain approvals or permits.

27.9 Brokers. Each of City and Tenant represents and warrants to the other that it has not had any dealings with realtors, brokers or agents in connection with the negotiation of this Lease.

27.10 Recordable Memorandum of Lease. Concurrently with Tenant's execution of this Lease, Tenant shall execute and acknowledge a short form memorandum of this Lease for recording purposes in the form attached hereto as Exhibit "D" and shall deliver it to the escrow for the sale of the Project by Tenant to City. Upon the expiration or earlier termination of this Lease for any reason, Tenant shall within five (5) business days following written request by City, deliver to City an executed, acknowledged and recordable quitclaim deed conveying to City any and all interest Tenant may have under this Lease.

27.11 Counterparts. This Lease may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

27.12 Interest; Late Charges. If any payment to be made by one party to the other is not paid when due, it shall bear interest at the lesser of: (i) ten percent (10%) per annum, or (ii) the highest rate permitted by law. If any payment to be made by one party to the other is not paid within ten (10) business days after written notice that it is past due, the party that failed to make the payment shall pay to the other party four percent (4%) of the amount due (excluding

interest) as a late charge. Each party acknowledges, stipulates and agrees that such late payment of any sums due will cause the other party to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to determine. Such costs include, without limitation, processing and accounting charges, and cash-flow/budgeting costs, as well as other material adverse effects and damages. Therefore, the parties have agreed upon the late charge described above as liquidated damages for such costs, effects and damages.

Executed as of the date first written above.

CITY:

CITY OF BEVERLY HILLS,
a municipal corporation

By: _____

JIMMY DELSHAD
Mayor of the City of Beverly Hills

ATTEST:

(SEAL)

BYRON POPE,
City Clerk

TENANT:

BEVERLY HILLS CHAMBER OF COMMERCE
AND CIVIC ASSOCIATION,
a California nonprofit corporation

By: _____

Daniel C. Walsh,
President & CEO

Approved as to content:

JEFFREY KOLIN,
City Manager

SCOTT MILLER,
Director of Administrative Services/CFO

Approved as to form:

LAURENCE WIENER,
City Attorney

EXHIBIT "A"

DESCRIPTION AND DEPICTION OF PREMISES

[To be provided.]

EXHIBIT "B"

DEPICTION OF COMMON AREAS

[To be provided.]

EXHIBIT "C"

FORM OF MEMORANDUM OF LEASE

[Attached.]

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Clerk

[Space Above For Recorder's Use Only]

The undersigned declare that this Memorandum of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "**Memorandum**") is dated as of _____, 20__, and is entered into by and between the CITY OF BEVERLY HILLS, a municipal corporation ("City"), and the BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION, a California nonprofit corporation ("Tenant").

RECITALS

A. Tenant and City have entered into that certain Agreement between the City of Beverly Hills and the Beverly Hills Chamber of Commerce and Civic Association for Office Lease at 239 S. Beverly Drive of substantially even date herewith (the "**Lease**"), pursuant to which City has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from City, a portion (the "**Premises**") of that certain building ("**Building**") located on real property in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 239 South Beverly Drive, Beverly Hills, California, more particularly described in Exhibit A attached hereto. The Premises are more particularly described in the Lease.

B. Tenant and City now desire to enter into and record this Memorandum as required under applicable California law.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and City agree as follows:

1. Lease. City hereby leases and demises the Premises to Tenant, and Tenant hereby leases and accepts the Premises from City, on the terms and conditions in the Lease for a term commencing on _____, 20__ and continuing until the date that is sixty (60) days following the first date that: (a) all conditions to the Chamber Possession Date, as defined in and pursuant to the terms of that certain Agreement by and between the City of Beverly Hills and the Beverly Hills Chamber of Commerce and Civic Association for Tenancy in Common at 9400 Santa Monica Boulevard of substantially even date herewith between City and Tenant ("**TIC**

Agreement”), have been met; (b) City has delivered to Tenant a Certificate of Occupancy for the Required Improvements, as defined in the TIC Agreement; and (c) City is otherwise prepared to deliver possession of the Chamber Area, as defined in the TIC Agreement, to Tenant, subject to earlier termination as provided in the Lease, and upon the rental rate and the other terms and conditions set forth in the Lease, all of which are incorporated herein by this reference.

2. **Purpose.** This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.

3. **Counterparts.** This Memorandum may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease as of the date first written above.

CITY:

THE CITY OF BEVERLY HILLS

By: _____
Jimmy Delshad,
Mayor

TENANT:

BEVERLY HILLS CHAMBER OF
COMMERCE AND CIVIC ASSOCIATION,
a California nonprofit corporation

By: _____
Daniel C. Walsh,
President & CEO

ATTEST:

_____ (SEAL)

By: _____
Byron Pope
City Clerk

ACKNOWLEDGMENT

State of California)
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

(Seal)

ACKNOWLEDGMENT

State of California)
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

(Seal)

ACKNOWLEDGMENT

State of California)
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

(Seal)

EXHIBIT A TO MEMORANDUM OF LEASE
LEGAL DESCRIPTION

Lot 13, of Tract No. 7710, in the City of Beverly Hills, County of Los Angeles, State of California, as per map recorded in Book 83, Page(s) 94 and 95 of Maps, in the Office of the County Recorder of said County.

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR PURCHASE AND SALE OF INTEREST IN 9400 SANTA MONICA BOULEVARD AND ESCROW INSTRUCTIONS

THIS AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR PURCHASE AND SALE OF INTEREST IN 9400 SANTA MONICA BOULEVARD AND ESCROW INSTRUCTIONS (this "**Agreement**") is dated as of July 22, 2010, and is entered into by and between the BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION, a California nonprofit corporation ("**Buyer**"), and the CITY OF BEVERLY HILLS, a municipal corporation ("**Seller**").

1. **PURCHASE AND SALE; PURCHASE PRICE.**

1.1 **Purchase and Sale.** Upon the terms and subject to the conditions in this Agreement, Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller a twenty eight percent (28%) tenancy-in-common interest (the "**Interest**") in the land in the City of Beverly Hills, County of Los Angeles ("**County**"), State of California, described on Exhibit "A" attached hereto (the "**Land**") and the improvements thereon (the "**Improvements**"). The Land and Improvements are hereinafter collectively referred to as the "**Property**". Following the close of escrow herein, Seller shall retain a seventy two percent (72%) tenancy-in-common interest in the Property and concurrently with the close of escrow, Buyer and Seller shall enter into an Agreement by and between the City of Beverly Hills and the Beverly Hills Chamber of Commerce and Civic Association for Tenancy in Common at 9400 Santa Monica Boulevard which shall govern their joint ownership, management and operation of the Property following the close of escrow, substantially in the form of Exhibit "B" hereto ("**TIC Agreement**").

1.2 **Purchase Price.** The purchase price (the "**Purchase Price**") for the Interest shall be Three Million Two Hundred Sixty Six Thousand Dollars Six Hundred Dollars (\$3,266,600.00), which is the sum deposited into an escrow account on behalf of Seller pursuant to Section 4.3.2 of that certain Agreement Between the City of Beverly Hills and the Beverly Hills Chamber of Commerce and Civic Association for Purchase and Sale of 239 S. Beverly Drive ("**Chamber Building Purchase Agreement**") dated of even date herewith between Buyer, as Seller, and Seller, as Buyer, ("**Chamber Building Transaction**"), which pursuant to the terms of the Chamber Building Agreement and herein, shall close concurrently with the close of escrow herein.

2. **TITLE.**

2.1 **General.** Title to the Interest shall be conveyed by Grant Deed and shall be evidenced by a CLTA Standard Coverage Form of Owner's Policy of Title Insurance (or an ALTA Extended Coverage Form Policy if Buyer elects such coverage as provided in Section 2.3 below) (the "**Title Policy**") issued by Stewart Title of California, Inc. (the "**Escrow Holder**" or "**Title Company**"), with liability in the full amount of the Purchase Price, insuring title to the Interest as vested in Buyer, free and clear of all liens and encumbrances and other matters affecting title to the Property, except the following (the "**Permitted Exceptions**"):

2.1.1 Real property taxes not yet due and payable;

2.1.2 A Memorandum of the TIC Agreement;

2.1.3 The Title Company's standard exceptions to and exclusions from title insurance coverage as shown on the title report for the Property dated April 9, 2010 issued by the Title Company under Order No. 295479 ("**Title Report**"); and

2.1.4 All exceptions to title listed on Schedule B of the Title Report.

2.2 Acts After Date of Agreement; Leases and Building Plans. During the period from the date of this Agreement through the close of escrow, Seller shall have the right to negotiate and enter into leases with third parties for the lease of space in the Building other than the Chamber Area (as defined in the TIC Agreement), without the prior consent of Buyer, pursuant to the provisions of the TIC Agreement. From and after the date of this Agreement, Seller shall comply with the provisions of Section 1(a)(ii) and 1(a)(iii) of the TIC Agreement (even though the TIC Agreement has not yet been executed), and such provisions are hereby incorporated herein by reference. (Such provisions relate to the Plans for the improvements to be constructed on the Property by Seller and changes to such Plans.)

2.3 Option for ALTA Coverage. Buyer shall have the option of obtaining an ALTA Extended Coverage Form Policy of Title Insurance. In such event, Buyer shall, at its expense, procure an ALTA survey (the "Survey") and the cost of the ALTA extended coverage shall be borne by Buyer.

3. DELIVERY OF DOCUMENTS AND INFORMATION; INSPECTIONS

3.1 Property Documents. Seller represents to Buyer that prior to the execution of this Agreement, Seller delivered to Buyer copies of all material documents in the possession of Seller that pertain to the Property (the "**Documents**"), as well as all documents creating title exceptions listed in the Title Report (the "**Title Exceptions**").

3.2 Buyer Inspection. Buyer acknowledges that prior to the execution of this Agreement, Seller granted to Buyer and its agents, employees, contractors and subcontractors the right to enter onto the Property for the purpose of inspecting the physical condition of the Property, including soils and geological matters and toxic or hazardous substances and other contamination, and whether the Property complies with applicable laws; that Buyer performed all inspections of the Property that it determined are necessary in connection with its purchase of the Interest; and that Buyer approved all such inspections.

3.3 Further Encumbrances. In the event that, prior to the close of escrow and issuance of the Title Policy, Seller becomes aware of any liens or other encumbrances against title to the Property other than the Permitted Exceptions ("**Further Encumbrance**"), Seller shall immediately give Buyer written notice thereof, with copies of all documents in Seller's possession or to which Seller has reasonable access that create or evidence such Further Encumbrance. Buyer shall have thirty (30) days from receipt of such notice and documents to approve or disapprove such Further Encumbrance by giving written notice thereof to Seller. If Buyer fails to deliver written notice of disapproval of such Further Encumbrance to Seller within such 30 days, Buyer shall be deemed to have approved such Further Encumbrance, such Further

Encumbrance shall be deemed a Permitted Exception, and Buyer shall take title to the Interest subject thereto. If Buyer timely objects to such Further Encumbrance, Seller may, at its option, cure such objection(s) by delivering written notice to Buyer within ten (10) business days after Seller's receipt of Buyer's objections, which notice shall indicate that Seller either will eliminate or cause the Title Company to insure over such Further Encumbrance by the close of escrow. If Seller delivers such written election to cure such Further Encumbrance, Seller shall have until the close of escrow to complete the cure. If Seller fails to deliver such written notice within such ten (10) business days, Seller shall be deemed to have elected not to cure such Further Encumbrance. If Seller elects or is deemed to have elected not to cure such Further Encumbrance to which Buyer has objected, Buyer shall have the option, to be exercised by written notice to Seller within five (5) business days following Seller's election or deemed election not to cure such Further Encumbrance: (a) to waive such objection(s) and to proceed to the close of escrow, in which event Buyer and Seller shall proceed to close escrow and Buyer shall take title to the Interest subject to such Further Encumbrance; or (b) to terminate this Agreement, in which event this Agreement and escrow shall terminate and the provisions of Section 4.9 shall govern. If Buyer fails to deliver such notice within such five (5) business days, this Agreement and escrow shall terminate and the provisions of Section 4.9 shall govern.

4. ESCROW.

4.1 Escrow Instructions. This Agreement shall constitute escrow instructions and Buyer and Seller shall deposit a copy of the Agreement, duly executed by Buyer and Seller (or copies of executed counterparts) with the Escrow Holder within two (2) business days after the execution of this Agreement.

4.2 Escrow. Escrow No. 295479 has been assigned to the escrow contemplated herein. (Escrow No. 295480 has been assigned to the escrow for the transaction contemplated by the Chamber Building Purchase Agreement.) Escrow shall be deemed opened immediately upon deposit of a fully executed copy of this Agreement with Escrow Holder. If Escrow Holder shall require further escrow instructions, Escrow Holder shall promptly prepare such escrow instructions on its usual form for the purchase and sale of the Property. Provided such further escrow instructions are consistent with this Agreement and otherwise reasonably acceptable to Buyer and Seller, Buyer and Seller shall execute such further escrow instructions. The further escrow instructions shall incorporate each and every term of this Agreement and shall provide that in the event of any conflict between the terms and conditions of this Agreement and such further escrow instructions, the terms and conditions of this Agreement shall control.

4.3 Deposit of Purchase Price. Buyer and Seller acknowledge and agree that: (a) concurrently with the opening of escrow herein, Seller shall, pursuant to the terms of the Chamber Building Purchase Agreement, deposit the full purchase price to be paid by Seller to Buyer in the Chamber Building Transaction ("**Chamber Building Purchase Price**") into the escrow opened for the Chamber Building Transaction; (b) the Purchase Price for this transaction shall be taken from the proceeds of the Chamber Building Purchase Price and deposited into a separate escrow account established for Seller's benefit in the Chamber Building Transaction; (c) during the concurrent pendency of the escrow herein and the Chamber Building Transaction escrow, the Purchase Price shall remain in the separate escrow account for Seller's benefit in the Chamber Building Transaction and shall be subject to the terms regarding such funds and such account provided in the Chamber Building Purchase Agreement; and (d) upon the concurrent

closing of the escrow herein and the Chamber Building Transaction escrow, the Purchase Price shall be transferred from the Chamber Building Transaction escrow to the escrow herein and distributed as provided herein.

4.4 Close of Escrow. Provided all of Seller's and Buyer's obligations to be performed on or before close of escrow have been performed and all the conditions to the close of escrow set forth in this Agreement have been satisfied, escrow shall close on the date that that is the earlier of: (a) no less than thirty (30) days following Buyer's delivery to Seller of evidence reasonably acceptable to Seller that Buyer has awarded a contract with a general contractor, or such other contracts ("**Construction Contracts**") as are necessary for Buyer, to commence and complete construction of the Required Improvements, as that term is defined in the TIC Agreement ("**Construction**"); or (b) one (1) calendar year after the date hereof (as applicable "**Closing Date**"). Following the close of escrow, Buyer's and Seller's rights and obligations with respect to the Property will be governed by the terms of the TIC Agreement.

4.5 Buyer's Deliveries. On or before the close of escrow, Buyer shall deposit into escrow the following (properly executed and acknowledged, if applicable):

4.5.1 the Purchase Price in accordance with Section 4.3;

4.5.2 a counterpart copy of the TIC Agreement executed by Buyer;

4.5.3 a counterpart copy of a Memorandum of the TIC Agreement in the form attached hereto as Exhibit "C" ("**TIC Memorandum**") executed by Buyer and notarized;

4.5.4 all other documents contemplated by this Agreement and required by Escrow Holder to be deposited by Buyer, and approved by Buyer, to carry out this escrow.

4.6 Seller's Deliveries. Before the close of escrow, Seller shall deposit into escrow the following (properly executed and acknowledged, if applicable):

4.6.1 a Grant Deed conveying the Interest to Buyer;

4.6.2 a counterpart copy of the TIC Agreement executed by Seller;

4.6.3 a counterpart copy of the TIC Memorandum executed by Seller and notarized; and

4.6.4 all other documents contemplated by this Agreement or required by Escrow Holder or the Title Company to be deposited by Seller, and approved by Seller, to carry out this escrow.

4.7 Conditions to the Close of Escrow.

4.7.1 Buyer's obligation to proceed with the transaction contemplated by this Agreement is subject to the satisfaction of all of the following conditions precedent on or before the Closing Date, which conditions are for Buyer's benefit and may be waived only by Buyer:

(a) Title Company shall have issued or shall have committed in writing to issue the Title Policy to Buyer in the amount of the Purchase Price, showing fee title to the Interest vested in Buyer subject only to the Approved Title Exceptions;

(b) Seller shall have delivered to Escrow Holder all documents required under Section 4.6 and shall not otherwise be in default under this Agreement;

(c) All conditions precedent to the closing of the Chamber Transaction shall have been satisfied or waived and the Chamber Transaction shall close concurrently with the closing of escrow herein.

4.7.2 Seller's obligation to proceed with the transaction contemplated by this Agreement is subject to the satisfaction of all of the following conditions precedent on or before the Closing Date, which conditions are for Seller's benefit and may be waived only by Seller:

(a) Buyer shall have delivered to Escrow Holder all documents and things required under Section 4.5 and shall not otherwise be in default under this Agreement;

(b) Seller shall have delivered to Buyer evidence reasonably satisfactory to Buyer that Seller has awarded the Construction Contracts; and

(c) All conditions precedent to the closing of the Chamber Transaction shall have been satisfied or waived and the Chamber Transaction shall close concurrently with the closing of escrow herein.

4.7.3 Waiver of any condition to close of escrow shall not relieve any party for liability resulting from breach of any representation, warranty, covenant or agreement under this Agreement.

4.8 Recordation of Grant Deed; Delivery of Funds. Upon receipt of the funds and instruments described in this Section 4, Escrow Holder shall do the following concurrently:

4.8.1 cause the Grant Deed and the TIC Memorandum to be recorded in the office of the County Recorder of Los Angeles County, California;

4.8.2 take all actions required under the Chamber Building Purchase Agreement to close the transaction contemplated therein;

4.8.3 transfer the Purchase Price from the escrow for the Chamber Transaction to the escrow herein and deliver such amount, as adjusted for amounts payable by or to Seller for costs pursuant to Section 4.10, to Seller pursuant to written instructions provided by Seller to Escrow Holder: and

4.8.4 cause the Title Company to issue and deliver the Title Policy pursuant to Section 2 to Buyer.

4.9 Failure of Escrow To Close. In the event that the conditions to close of escrow are not satisfied and are not waived by the party with the right to waive the unsatisfied condition(s),

by the date that is one year from the date of this Agreement, then the party whose obligations were conditioned upon satisfaction of the applicable condition(s) shall have the right to terminate this Agreement (provided such party is not in default) by written notice to the other and to Escrow Holder and upon delivery of such notice, or in the event that Buyer or Seller terminates this Agreement pursuant to any other provision of this Agreement for any reason other than a default of Buyer or Seller under this Agreement, the following shall apply:

4.9.1 except for those provisions, obligations and liabilities that by the express terms of this Agreement survive its termination, this Agreement and the escrow shall terminate, Seller shall have no further obligation to sell the Interest to Buyer, Buyer shall have no further obligation to purchase the Interest from Seller and the parties shall have no further obligations or liabilities to each other hereunder;

4.9.2 each of Buyer and Seller shall all retain rights with respect to interest released and delivered to it, or earned by it, in the Chamber Transaction escrow, and with respect to the Chamber Building Purchase Price, in accordance with the Chamber Building Purchase Agreement; and

4.9.3 each of Buyer and Seller shall deliver to Escrow Holder any amount owed by such party for any cancellation charges required to be paid by such party under Section 4.11 below.

4.10 Costs. Buyer shall pay one half (1/2) of the escrow fees and costs associated with the purchase of the Interest, the cost of any extended ALTA Coverage for the Title Policy and all endorsements to the Title Policy, any penalty for failure to deliver a duly executed preliminary change of ownership report regarding the Grant Deed and all other costs generally borne by buyers of real property in the County. Seller shall pay recording charges, one half (1/2) of the escrow fees, documentary transfer taxes in connection with the recordation of the Grant Deed, the cost of Buyer's CLTA owner's title coverage, and all other costs generally borne by sellers of real property in the County.

4.11 Escrow Cancellation Charges. In the event that this escrow shall fail to close by reason of the default of either party hereunder, the defaulting party shall be liable for all escrow and title fees and costs, including without limitation all escrow cancellation charges. In the event that the escrow shall fail to close for any other reason, each party shall pay one-half (1/2) of all escrow and title cancellation charges.

4.12 Broker's Commissions. Buyer and Seller represent to one another that no broker or finder has been engaged in connection with the transaction contemplated by this Agreement, or to its knowledge is in any way connected with such transaction. Each party agrees to indemnify, defend, protect and hold harmless the other and its respective employees, agents, representatives, council members, attorneys, successors and assigns, from and against all claims of any agent, broker, finder or other similar person or entity arising from or in connection with the sale of the Interest under this Agreement and based on communications or agreements with the indemnifying party.

5. EMINENT DOMAIN; TAKING; PHYSICAL DAMAGE OR DESTRUCTION.

5.1 If, prior to the close of escrow, any material portion of the Property is taken or access thereto is materially reduced or restricted by eminent domain or other taking by a governmental authority other than Seller, or becomes the subject of a pending, threatened or contemplated taking by a governmental authority other than Seller which has not been consummated, Seller shall immediately notify Buyer of such fact. In such event, Buyer shall have the option, in its sole and absolute discretion, to terminate this Agreement upon written notice to Seller given not later than ten (10) business days after receipt of Seller's notice. If: (a) Buyer does not exercise this option to terminate this Agreement; or (b) prior to the close of escrow, there is a taking or eminent domain proceeding against the Property, or such taking or proceeding is threatened or contemplated, by a government authority other than Buyer, but such taking or proceeding is not reasonably anticipated to materially adversely affect Buyer's intended use of the Property, neither party shall have the right to terminate this Agreement and the parties shall proceed to the close of escrow pursuant to the terms hereof, without modification of the terms of this Agreement and without any reduction in the Purchase Price; however, in such event, the following shall apply: (i) each of Buyer and Seller shall share in all awards for the taking by eminent domain which accrue to the Property in the same percentages as their respective percentage tenancy in common interests in the Property; and (ii) Buyer and Seller shall modify the TIC Agreement to the extent necessary to address any impact such taking will have on Buyer's and Seller's respective rights and obligations under the TIC Agreement. In the event Buyer and Seller are unable to agree with respect to whether such changes to the TIC Agreement are necessary or the changes themselves, Buyer and Seller shall utilize the dispute resolution provisions of the TIC Agreement to resolve the matter. Unless and until this Agreement is terminated, Seller shall take no action with respect to any eminent domain proceeding without the prior written consent of Buyer, which consent shall not be unreasonably withheld or delayed.

5.2 If prior to the Close of Escrow, any material portion of the Property is physically damaged or destroyed due to any cause, natural or otherwise, including, without limitation: (i) any destructive seismic or geological conditions such as any earthquake or tremor, subsidence, or unstable subsurface conditions known to seller; or (ii) a material violation of any Environmental Laws known to Seller, Seller shall immediately notify Buyer of such fact. In such event, Buyer shall have the option, in its sole and absolute discretion, to terminate this Agreement upon written notice to Seller given not later than ten (10) business days after receipt of Seller's notice. If Buyer does not exercise this option to terminate this Agreement, neither party shall have the right to terminate this Agreement, and the parties shall proceed to the close of escrow pursuant to the terms hereof, without modification of the terms of this Agreement and without any reduction in the Purchase Price, and the terms of the TIC Agreement with respect to the repair of the Property shall control.

6. DISCLAIMER AND AS IS PURCHASE

6.1 Disclaimer. Except as expressly set forth in this Agreement and except for Seller's covenant in the TIC Agreement to construct the Required Improvements (defined in the TIC Agreement), Seller makes no representations or warranties, either express, implied or statutory, relating to the Property, any improvements thereon, or any other matter, all such representations and warranties being hereby expressly disclaimed. Without limiting the

generality of the foregoing, Seller makes no representations or warranties with respect to: (i) any environmental matters, including without limitation, the presence of Hazardous Substances on the Property; (ii) geological, seismic or soil conditions; (iii) zoning or other use requirements; or (iv) the suitability of the Property or improvements thereon for Buyer's purposes, or fitness for any use or purpose whatsoever.

6.2 "AS-IS" Sale. Buyer acknowledges the foregoing disclaimers and that, except as expressly set forth in this Agreement, neither Seller nor anyone acting on Seller's behalf has made any representation or warranty, express, implied or statutory, with respect to the Property, its present condition or its fitness or suitability for any particular purpose, and Buyer hereby waives all such representations and warranties, except that Seller acknowledges that the foregoing disclaimers and releases set forth in Section 6.3 shall not apply to or affect Seller's obligations to disclose to Buyer material facts regarding the Property that are known to Seller. Subject to the foregoing, and except as otherwise provided in Section 6.2, Buyer confirms that it is acquiring fee title to the Property "**AS IS, WHERE IS**" in its present state and condition and "**WITH ALL FAULTS**." Buyer further confirms that prior to the Close of Escrow, Buyer will have the opportunity to investigate all physical, environmental and economic aspects of the Property and to make all inspections and investigations of the Property that Buyer deems necessary or desirable to protect its interests in acquiring the Property and that subject to any legal obligation that Seller, as a seller of real property in California, has to disclose material facts regarding the Property (provided that Seller has no obligation to disclose facts known to former employer of Seller, that are not otherwise known to Seller), Buyer is relying solely upon its inspection and investigation of the Property and all laws, including environmental laws and all ordinances, which might affect use and development of the Property. Buyer further acknowledges that Seller has had and has no obligation to conduct any investigations whatsoever in connection with the sale of the Property to Buyer.

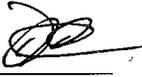
6.3 Waiver and Release. Effective as of the Closing, Buyer on its own behalf and on behalf of its directors, officers, employees, affiliates, representatives, successors and assigns (collectively "**Buyer Parties**") hereby agrees that Seller and each of Seller's directors, officers, employees, affiliates, representatives, successors and assigns (collectively "**Seller Parties**") shall be fully and forever released and discharged from any and all liabilities, losses, claims (including third party claims), demands, damages, causes of action, costs, penalties, fines, judgments, attorneys' fees, consultants' fees and costs and experts' fees (collectively "**Claims**") whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with or related to the Property including, without limitation, the physical or environmental condition of the Property or any law or regulation applicable thereto, and further including, without limitation, any Claim or matter relating to or arising from: (i) the use, presence, storage, release, discharge, migration or transportation of Hazardous Substances on, in, under, about or to or from the Property regardless of when such Hazardous Substances were first introduced on, in, under, about, or transported to or from, the Property; (ii) any patent or latent defects or deficiencies with respect to the Property or improvements thereon; and (iii) the operation of the Property. Buyer, for itself and the Buyer Parties, expressly waives the provisions of California Civil Code Section 1542 which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of

executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

Buyer, for itself and the Buyer Parties, elects to and does assume all risk for such Claims heretofore and hereafter arising, whether now known or unknown by Buyer. Seller and Buyer each have initialed this Section 6 to further indicate their awareness and acceptance of each and every provision hereof.

SELLER'S INITIALS: _____

BUYER'S INITIALS:  _____

6.4 Survival. The provisions of this Section 6 shall survive the Close of Escrow and shall not be deemed merged into any instrument or conveyance delivered at the Closing.

7. INCORPORATION OF EXHIBITS. All exhibits attached hereto and referred to herein are incorporated in this Agreement as though fully set forth herein.

8. ATTORNEYS' FEES. In the event of a dispute between Buyer and Seller regarding any of the terms and provisions of this Agreement, or the transaction described herein, or any action to enforce the terms of this Agreement, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, not limited to taxable costs, reasonable attorneys' fees and reasonable fees of expert witnesses.

9. NOTICES. All notices, requests, demands and other communication given or required to be given hereunder shall be in writing and personally delivered, sent by first class certified mail, postage prepaid, return receipt requested, or sent by a nationally recognized courier service such as Federal Express, addressed to the parties as follows:

To Seller: City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attn: Director of Administrative Services/CFO

With a copy to: City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Attorney

To Buyer: Beverly Hills Chamber of Commerce
and Civic Association
239 South Beverly Drive
Beverly Hills, California
Attention: Daniel Walsh

With a copy to: Ervin, Cohen & Jessup
9401 Wilshire Boulevard, Ninth Floor
Beverly Hills, CA 90212
Attention: Debra L. James, Esq.

To Escrow Holder/
Title Company:

Stewart Title of California, Inc.
525 N. Brand Blvd.
Glendale, CA 91203
Attention: Betty Lee, Escrow Officer
Larry McGuire, Title Officer
(Escrow No. 295479)

Delivery of any notice or other communication hereunder shall be deemed made on the date of actual delivery thereof to the address of the addressee, if personally delivered, and on the date indicated in the return receipt or courier's records as the date of delivery or as the date of first attempted delivery, if sent by certified mail or courier service. Any party may change its address for purposes of this Section by giving notice to the other party as herein provided.

10. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their successors and assigns.

11. ENTIRE AGREEMENT. This Agreement and the Chamber Building Purchase Agreement contain all of the agreements of the parties hereto with respect to the matters contained herein, and all prior or contemporaneous agreements or understandings, oral or written, pertaining to any such matters are merged herein and shall not be effective for any purpose. No provision of this Agreement may be amended, supplemented or in any way modified except by an agreement in writing signed by the parties hereto or their respective successors in interest and expressly stating that it is an amendment of this Agreement.

12. HEADINGS. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions of this Agreement.

13. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

14. SURVIVAL. Any provision hereof which is executory as of the Closing Date and all representations and warranties shall survive such close of escrow and delivery of the Grant Deed and shall continue to be a binding provision on the parties hereto according to its terms.

15. TIME OF THE ESSENCE. Time is of the essence of this Agreement.

16. THIRD PARTIES. Nothing contained in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

17. SEVERABILITY. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless such invalidity, illegality or

unenforceability materially affects the economic terms of the transactions contemplated by this Agreement or the ability of either party to perform its obligations under this Agreement. In such case, either party may terminate this Agreement and the escrow upon written notice to the other party given no later than ten (10) business days after the party giving such notice becomes aware of such invalidity, illegality or unenforceability and the provisions of Section 4.9 shall govern.

18. ADDITIONAL DOCUMENTS; FURTHER ASSURANCES. Each party hereto agrees to perform any further acts and to execute, acknowledge and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

19. CITY AS SELLER. Buyer acknowledges that Seller is entering into this Agreement in its proprietary capacity such that, except as otherwise expressly provided in this Agreement, the provisions of this Agreement nor any consent or approval given by Seller under this Agreement, shall waive or modify any of Seller's rights in its governmental capacity.

20. AMENDMENTS. The City Manager of Seller shall have the right to enter into amendments of this Agreement without the approval of the City Council of Seller provided that such amendments to not decrease the Purchase Price or change the material business terms of the TinC Agreement.

21. LIQUIDATED DAMAGES FOR BUYER DEFAULT. In the event that escrow fails to close as a result of a default by Buyer under this Agreement (or a default by Buyer as seller under the Chamber Building Purchase Agreement) then Seller shall be entitled to the liquidated damages described in Section 23 of the Chamber Building Purchase Agreement (*i.e.*, there shall be no doubling of liquidated damages under this Agreement and the Chamber Building Purchase Agreement).

IF CLOSING FAILS TO OCCUR BECAUSE OF BUYER'S DEFAULT, SELLER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THOSE DAMAGES, BUT SUCH DAMAGES WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN; PROOF OF THE AMOUNT OF SUCH DAMAGES WILL BE BASED ON OPINIONS OF VALUE OF THE PROPERTY (WHICH CAN VARY IN SIGNIFICANT AMOUNTS). BOTH BUYER AND SELLER WISH TO AVOID THE COSTS AND LENGTHY DELAYS THAT WOULD RESULT IF SELLER FILED A LAWSUIT TO COLLECT ITS DAMAGES FOR A BREACH OF THIS AGREEMENT. IF CLOSING FAILS TO OCCUR BECAUSE OF BUYER'S DEFAULT, THEN THIS AGREEMENT SHALL AUTOMATICALLY TERMINATE WITHOUT FURTHER NOTICE, THE PARTIES SHALL BE RELIEVED OF THEIR OBLIGATIONS HEREUNDER EXCEPT AS EXPRESSLY PROVIDED OTHERWISE HEREIN, AND THE AMOUNTS PROVIDED FOR IN THIS SECTION 21 SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF SELLER'S DAMAGES AND SHALL BE DUE TO SELLER AS LIQUIDATED DAMAGES. SELLER'S SOLE AND EXCLUSIVE REMEDY (EXCEPT AS SET FORTH BELOW) IN THE EVENT ESCROW FAILS TO CLOSE BECAUSE OF THE BUYER'S DEFAULT SHALL BE LIMITED TO RECEIPT AND RETENTION OF THE AMOUNTS SET FORTH IN THIS SECTION 21. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

NOTWITHSTANDING THE FOREGOING, THIS LIQUIDATED DAMAGES PROVISION SHALL NOT LIMIT SELLER'S RIGHT TO (I) RECEIVE REIMBURSEMENT FOR OR RECOVER DAMAGES IN CONNECTION WITH ANY INDEMNITY BY BUYER OF SELLER AND/OR (II) RECOVER ATTORNEYS' FEES AND COURT COSTS. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671. THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.


BUYER'S INITIALS

SELLER'S INITIALS

22. LIQUIDATED DAMAGES FOR SELLER DEFAULT. In the event that escrow fails to close as a result of a default by Seller under this Agreement (or a default by Seller as buyer under the Chamber Building Purchase Agreement), then Buyer shall be entitled to the liquidated damages described in Section 22 of the Chamber Building Purchase Agreement (i.e., there shall be no doubling of liquidated damages under this Agreement and the Chamber Building Purchase Agreement).

IF CLOSING FAILS TO OCCUR BECAUSE OF SELLER'S DEFAULT, BUYER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THOSE DAMAGES, BUT SUCH DAMAGES WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN; PROOF OF THE AMOUNT OF SUCH DAMAGES WILL BE BASED ON OPINIONS OF VALUE OF THE PROPERTY (WHICH CAN VARY IN SIGNIFICANT AMOUNTS). BOTH BUYER AND SELLER WISH TO AVOID THE COSTS AND LENGTHY DELAYS THAT WOULD RESULT IF BUYER FILED A LAWSUIT TO COLLECT ITS DAMAGES FOR A BREACH OF THIS AGREEMENT. IF CLOSING FAILS TO OCCUR BECAUSE OF SELLER'S DEFAULT, THEN THIS AGREEMENT SHALL AUTOMATICALLY TERMINATE WITHOUT FURTHER NOTICE, THE PARTIES SHALL BE RELIEVED OF THEIR OBLIGATIONS HEREUNDER EXCEPT AS EXPRESSLY PROVIDED OTHERWISE HEREIN, AND THE AMOUNTS PROVIDED FOR IN THIS SECTION 22 SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF BUYER'S DAMAGES, AND SHALL BE DISBURSED TO BUYER AS LIQUIDATED DAMAGES. IF BUYER ELECTS TO RECEIVE THE BUYER LD AMOUNT, BUYER'S SOLE AND EXCLUSIVE REMEDY (EXCEPT AS SET FORTH BELOW) IN THE EVENT ESCROW FAILS TO CLOSE BECAUSE OF THE OTHER PARTY'S DEFAULT SHALL BE LIMITED TO RECEIPT AND RETENTION OF THE AMOUNTS SET FORTH IN THIS SECTION 22. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS. BY INITIALING THIS PROVISION AS PROVIDED BELOW, IF BUYER ELECTS TO RECEIVE THE LD AMOUNT, BUYER WAIVES ANY RIGHT TO SPECIFICALLY ENFORCE SELLER'S OBLIGATION TO SELL THE INTEREST (INCLUDING THE PROVISIONS OF CIVIL CODE SECTIONS 1680 AND 3389).

NOTWITHSTANDING THE FOREGOING, THIS LIQUIDATED DAMAGES PROVISION SHALL NOT LIMIT BUYER'S RIGHT TO (I) RECEIVE REIMBURSEMENT FOR OR RECOVER DAMAGES IN CONNECTION WITH ANY INDEMNITY OF BUYER BY SELLER; (II) RECOVER ATTORNEYS' FEES AND COURT COSTS; AND/OR (III) PURSUE SPECIAL PERFORMANCE IN LIEU OF LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO BUYER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671. THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.



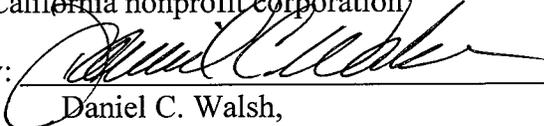
BUYER'S INITIALS

SELLER'S INITIALS

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BUYER:

BEVERLY HILLS CHAMBER OF COMMERCE
AND CIVIC ASSOCIATION,
a California nonprofit corporation

By: 
Daniel C. Walsh,
President & CEO

SELLER:

CITY OF BEVERLY HILLS,
a municipal corporation

By: _____
JIMMY DELSHAD
Mayor of the City of Beverly Hills

ATTEST:

(SEAL)

BYRON POPE,
City Clerk

Approved as to content:

JEFFREY KOLIN,
City Manager

(Signatures Continued on Next Page)


SCOTT MILLER,
Director of Administrative Services/CFO

Approved as to form:


LAURENCE WIENER,
City Attorney

EXHIBIT "A"

DESCRIPTION OF THE LAND

The land referred to herein is situated in the State of California, County of Los Angeles, and described as follows:

Lot 23 in Block 3 of Beverly, in the City of Beverly Hills, County of Los Angeles, State of California, as per map recorded in Book 11 Page 94 of Maps, in the Office of the County Recorder of said County.

APN: 4343-011-903

EXHIBIT "B"

FORM OF TENANCY-IN-COMMON AGREEMENT

[Attached]

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR TENANCY IN COMMON AT 9400 SANTA MONICA BOULEVARD

THIS AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR TENANCY IN COMMON AT 9400 SANTA MONICA BOULEVARD (this "**Agreement**") is dated as of _____, 2010 [TO BE DATED THE DATE OF THE CLOSE OF ESCROW] and is entered into by and between the CITY OF BEVERLY HILLS, a municipal corporation ("**City**"), and the BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION, a California nonprofit corporation ("**Chamber**") (both of which are sometimes collectively referred to as the "**Owners**" or the "**Tenants-in-Common**").

R E C I T A L S :

WHEREAS, City owns an undivided seventy two percent (72%) tenancy-in-common interest (the "**City Interest**") in the land and improvements located at 9400 Santa Monica Boulevard in the City of Beverly Hills, County of Los Angeles, State of California (collectively, the "**Property**"). The land is described on Exhibit "A" attached hereto; and

WHEREAS, Chamber owns an undivided twenty eight percent (28%) tenancy-in-common interest in the Property (the "**Chamber Interest**"); and

WHEREAS, the Owners desire to provide for the orderly and efficient joint ownership, management and operation of the Property.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Required Improvements.

(a) Construction; Plans; Changes in Plans.

(i) On or before the date that is two (2) calendar years after the date hereof as such date may be extended pursuant to Section 15 (as so extended, the "**Construction Commencement Date**"), City shall commence construction of the Required Improvements (hereinafter defined), and shall complete construction of the Required Improvements on or before the date that is six (6) calendar years after the date hereof as such date may be extended pursuant to Section 15 (as so extended, the "**Construction Completion Date**"), at City's sole cost and expense. As used herein, the term "Required Improvements" shall mean a three-story building (the "**Building**") and related improvements on the Property in conformance with: (i) those certain plans and specifications dated June 3, 2010 prepared by Jeffrey M. Kalban & Associates, Architects, Inc., under Project Number 071100, consisting of sheets T-1, A-0.1 - A-6.1.1, C0.01 - C5-04, S1.1 - S3.8, M-0 - M-5, P-0 - P-8, and E-1 - E-10, as may be changed as provided herein (collectively "**Plans**"); (ii) all applicable laws, regulations and rules of governmental authorities ("**Government Authorities**"); and (iii) in the Chamber Area (as

defined in Section 3): (A) those certain Tenant Shell and Core Utilities and Finishes attached hereto as Exhibit "H" ("**Core Requirements**") and (B) such interior finishes and other improvements that City typically builds and installs as "shell and core" improvements for its tenants in other office buildings that City owns and leases to third parties, including without limitation, in the building located at 331 Foothill Road, Beverly Hills, California ("**Standard Finishes**", and, together with the Core Requirements, the "**Chamber Specifications**"); however, in the event of a conflict between the Core Requirements and the Plans or between the Core Requirements and the Standard Finishes, the Core Requirements shall govern.

(ii) Following execution of this Agreement, City shall not make any: (I) changes to the Plans (or Required Improvements), other than changes that affect only the City Area (as defined in Section 3) or do not have a material adverse effect on the Chamber's access to, use and enjoyment of the Chamber Area or which would materially increase periodic Operating Expenses; or (II) material changes to the size of the Chamber Area or the Chamber Specifications, without Chamber's prior written consent, which consent Chamber shall not unreasonably withhold, condition or delay.

In the event that City desires to make any changes to the Plans or Core Requirements that require Chamber's consent, City shall deliver to Chamber a copy of the Plans or Core Requirements, as applicable, with such changes and Chamber shall have fifteen (15) Business Days (as defined in Section 7) from receipt thereof to deliver written notice to City that Chamber objects to such changes, which notice shall include an explanation of the reasons for Chamber's objections. If Chamber fails to give City written notice of its objections to such changes within such fifteen (15) Business Days, Chamber shall be deemed to have consented to such changes.

(iii) On or before July 30, 2010, City will deliver a copy to Chamber of Revised Plans that will be submitted for "plan check" by the City in its governmental capacity. City shall also promptly deliver to Chamber the Plans as revised after said "plan check" (so-called "**final Plans**"). Once every thirty (30) days after delivery of the final Plans to Chamber, City shall deliver to Chamber a copy of all RFI's ("**requests for information**") delivered by City to the any Contractors (as defined in Section 1(e)) and all change orders to the final Plans (except for those previously delivered to Chamber).

(b) Permits and Approvals. City shall, at its sole cost and expense, obtain all necessary permits and approvals for the Required Improvements ("**Permits**") from all applicable Government Authorities, and City shall be responsible, at its sole cost and expense, for satisfying all conditions and requirements of the Permits; except that Chamber shall pay Four Hundred Fifteen Thousand Dollars (\$415,000) as its share of the fees charged by City in connection with "in lieu" parking for the Property at the public parking garage located at 455 Crescent Drive, Beverly Hills, California ("**Garage**") attributable to the Chamber Spaces (as defined in Section 3). Upon Chamber's request, City shall deliver copies of all Permits to Chamber following City's receipt thereof. Chamber shall provide commercially reasonable cooperation to City with respect to City's application for and obtaining the Permits; provided such cooperation shall be at no cost to Chamber. City shall be the Government Authorities' primary contact with respect to all applications for Permits and their processing, all plan checks and related design changes, the issuance of Permits, and all aspects of the Required Improvements.

(c) Liens. City shall not suffer or permit to be enforced against the Property any mechanics', materialmens', contractors' or subcontractors' liens ("**Liens**") or any claim for damage arising from the construction of the Required Improvements, and City shall pay, or cause to be paid, all such Liens, claims or demands before any action is brought to enforce the same against the Property. Notwithstanding the foregoing, if City shall, in good faith, contest the validity of any such Lien, claim or demand, then City shall, at its expense, defend the Property and Chamber against same and pay and satisfy any adverse judgment that may be rendered thereon before any enforcement thereof against the Property.

(d) Insurance. Prior to commencing any aspect of the construction of the Required Improvements, City shall secure, pay for and maintain, and shall cause all contractors and sub-contractors retained in connection with the construction ("**Contractors**") to maintain, insurance in the following minimum coverages and limits of liability, or City may provide wrap-around insurance policies to cover the insurance obligations of Contractors hereunder:

(i) Workers' Compensation and Employers' Liability Insurance in amounts required by any applicable law, applicable rule or applicable regulation of any Governmental Authority ("**Laws**").

(ii) Commercial General Liability Insurance (including Owner's and Contractors' Protective Liability) for Owners in an amount not less than Two Million Dollars (\$2,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate, and for Contractors in an amount not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate, in each case whether involving bodily injury liability (or death resulting therefrom) or property damage liability or a combination thereof, with umbrella coverage for Owners with limits of not less than Five Million Dollars (\$5,000,000). All such insurance shall provide for explosion and collapse, completed operations coverage for two years after completion of the work, and broad form blanket contractual liability coverage, and shall insure Owners and Contractors, respectively, against any and all claims for bodily injury, including death resulting therefrom, and damage to the property of others arising from operations under contracts, whether such operations are performed by City, Contractors or anyone directly or indirectly employed by any of them.

(iii) Business Automobile Liability Insurance, including the ownership, maintenance, and operation of any automotive equipment, owned, hired or non-owned, in an amount not less than Two Million Dollars (\$2,000,000) for each person in any one accident, and Three Million Dollars (\$3,000,000) for injuries sustained by two or more persons in any one accident and property damage liability in an amount not less than Two Million Dollars (\$2,000,000) for each accident. Such insurance shall insure Owners and Contractors against any and all claims for bodily injury, including death resulting therefrom, and damage to the property of others arising from operations under contracts, whether such operations are performed by City, Contractors or anyone directly or indirectly employed by any of them.

(iv) "All-risk" builder's risk insurance upon the Required Improvements in an amount not less than Five Million Dollars (\$5,000,000). Such insurance shall include the respective interests of Owners in the Required Improvements and the Property, shall insure against the perils of fire and extended coverage and shall include "all-risk" builder's

risk insurance for physical loss or damage including, without duplication of coverage, theft, vandalism, and malicious mischief. Any loss insured under such "all-risk" builder's risk insurance shall be payable to City as trustees for the City and Chamber and any other insureds, in accordance with their respective interests in the Required Improvements and the Property to the extent of its damage, subject to agreement reached by such parties in interest, or in the absence of any such agreement, then in accordance with a final, nonappealable order of a court of competent jurisdiction. If after such loss no other special agreement is made, the decision to replace or not replace any damaged portion of the Required Improvements and/or Property shall be made by Owners together. No completion bond shall be required.

All policies (except the Workers' Compensation policy) shall be endorsed to include as named insureds each of the Owners. Such endorsements also shall provide that all insured parties shall be given thirty (30) days' prior written notice of any reduction, cancellation, or nonrenewal of coverage by certified mail, return receipt requested (except that ten (10) days' notice shall be sufficient in the case of cancellation for nonpayment of premium). The insurance policies required hereunder shall be considered as primary to any insurance carried independently by such insured parties, and shall not call into contribution any other insurance then maintained by either or both Owners. Additionally, where applicable, such policies shall contain a cross liability and severability of interest clause. Prior to the commencement of the Required Improvements, City shall deliver to Chamber certificates of insurance evidencing all insurance required herein, naming each Owner as an insured and containing the endorsements described herein.

(e) Construction Warranties; Lien Waivers; As-Built Plans. City shall require that all warranties given by Contractors and providers of materials or supplies in connection with the Required Improvements ("**Warranties**") are for the benefit of both Owners. Upon completion of the Required Improvements, City shall deliver to Chamber copies of: (i) all final waivers of liens for the Required Improvements; (ii) the as-built plans for the Required Improvements certified by the architect for the Required Improvements as complete; (iii) proof of final approval of the Required Improvements by all Government Authorities with jurisdiction to give such approval, including without limitation, a final certificate of occupancy for the Required Improvements; and (iv) all written Warranties that are for more than one year duration;. Following completion of the Required Improvements, upon Chamber's request, City shall be responsible for and shall enforce and/or address, on City's and/or Chamber's behalf and at City's sole cost and expense: (A) all Warranties and other rights of Owners in connection with the Required Improvements as provided by Law; (B) all action necessary or prudent to repair or otherwise remedy any defects in the Required Improvements or any work performed or materials or supplies provided in connection with the Required Improvements that are not in conformance with the Plans or Law; and (C) all inquiries, proceedings or other actions by any Government Authorities in any way connected with or related to the Required Improvements.

(f) City Indemnity of Chamber. City shall indemnify, hold harmless and defend Chamber, with counsel reasonably approved by Chamber, and any officer, director, shareholder, employee or agent of Chamber, from and against any and all claims, damages, liabilities, losses, costs and expenses (including, without limitation, reasonable attorney's fees and costs) arising from or in any way related to any acts or omissions of City or any employee, contractor or agent of City in connection with the construction of the Required Improvements, including without

limitation, in any action or other dispute with: (i) any third party arising from claims by such third party of injury or damage related in any way to the construction of the Required Improvements; or (ii) contractors or agents of City arising from (A) City's enforcement or alleged breach of any contract entered into or Warranty given in connection with the construction of the Required Improvements, or (B) any defects in the construction of the Required Improvements or any failure of any work performed or materials or supplies provided in connection with the construction of the Required Improvements to fail to conform to the Plans or Law.

(g) Failure to Timely Commence or Complete Construction.

(i) In the event that City fails to commence construction of the Required Improvements on or before the Construction Commencement Date or fails to complete the construction of the Required Improvements and deliver possession of the Chamber Area (as defined in Section 3(a)) to Chamber on or before the Construction Completion Date, City shall be in breach of this Agreement and Chamber shall have the right to demand that City perform its obligation under this Section 1 to commence or complete the Required Improvements, as applicable. If Chamber makes such demand, then until the earlier of the date on which City completes the construction of the Required Improvements and delivers possession of the Chamber Area to Chamber or Chamber terminates this Agreement under Section (1)(g)(ii)(2) below, Chamber shall have the right to continue to lease space in the building owned by City located at 239 South Beverly Drive, Beverly Hills, California pursuant to the terms of that certain "Agreement between the City of Beverly Hills and the Beverly Hills Chamber of Commerce and Civic Association for Office Lease at 239 S. Beverly Drive" of even date herewith between City, as landlord, and Chamber, as Tenant ("**Chamber Building Lease**") such that Chamber shall have the right to retain possession of the "Premises" as defined in the Lease at a rental rate of one dollar (\$1) per year, and until such earlier date, except in the event of a breach of the Chamber Building Lease by Chamber that would otherwise give City the right to terminate the Chamber Building Lease pursuant to its terms, City shall have no right to terminate the Chamber Building Lease nor to seek repossession of or to otherwise evict Chamber from the Premises.

(ii) In addition to Chamber's rights under Section 1(g)(i), in the event that City does not commence construction of the Required Improvements on or before the Construction Commencement Date or City does not complete the construction of the Required Improvements and deliver possession of the Chamber Area to Chamber on or before the Construction Completion Date, then Chamber shall have the right and option, by written notice to City given within ten (10) Business Days after the Construction Commencement Date or Construction Completion Date, as applicable and as may be extended pursuant to Section 1(g)(ii)(1), to do either of the following:

(1) Extend the Construction Commencement Date or Construction Completion Date, as applicable, by one (1) calendar year. If Chamber so extends (or is deemed to have extended) the Construction Commencement Date or the Construction Completion Date, then in addition to Chamber retaining occupancy of the "Premises" under the Chamber Building Lease at a rental rate of one dollar (\$1) per year pursuant to Section (1)(g)(i), until the earlier of: (A) the date on which City commences construction of the Required

Improvements or completes the construction of the Required Improvements and delivers possession of the Chamber Area to Chamber, as applicable, or (B) the expiration of the one (1) year extension, City shall pay to Chamber, as liquidated damages for the delay, the sum of Ten Thousand and No/100 Dollars (\$10,000.00) for each calendar month or portion thereof (and such \$10,000 sum per month shall be prorated for any portion of a calendar month). Such monthly payment shall be made in arrears, on or before the last business day of each calendar month.

(2) Terminate this Agreement as hereafter provided. In order for the Chamber to terminate this Agreement, Chamber must include with its termination notice a duly executed and acknowledged grant deed, in recordable form, by which Chamber conveys the Chamber Interest to City subject to no leases and subject only to liens allowed under Section 9(e)(ii), and vacates the Premises under the Chamber Building Lease within thirty (30) days after City delivers the Termination Sum (hereinafter defined) to Chamber. A failure to timely or effectively terminate this Agreement by Chamber shall be deemed a one year extension by Chamber of the Construction Commencement Date or Construction Completion Date, as applicable. If Chamber terminates this Agreement under this Section 1(g)(ii)(2), then no later than thirty (30) days following City's receipt of Chamber's termination notice, City shall pay to Chamber, by wire transfer of immediately available funds to an account designated by Chamber, a sum ("**Termination Sum**") equal to: (A) the "**Buyer Deposit**" under that certain Agreement Between The City Of Beverly Hills And The Beverly Hills Chamber of Commerce And Civic Association For Purchase and Sale of 239 S. Beverly Drive and Escrow Instructions dated July 22, 2010 ("**Purchase Agreement**") between Chamber, as Seller, and City, as Buyer (which is the sum of Three Million Two Hundred Sixty Six Thousand Six Hundred Dollars (\$3,266,600); plus (B) interest actually earned on the Buyer Deposit as of the date hereof; plus (C) an amount equal to interest that would have been earned had a sum equal to the Buyer Deposit accrued interest from the date hereof through the date on which City delivers the Termination Sum to Chamber at a rate equal to the average rate of interest earned on the Buyer Deposit from the date of the Purchase Agreement through the date hereof. In the event Chamber terminates this Agreement pursuant to this Section 1(g)(ii)(2), such termination and City's payment of the Termination Sum to Chamber shall be Chamber's sole remedies for City's breach of this Agreement as provided in this Section 1(g). The Chamber Lease shall terminate upon such termination and payment by City of the Termination Sum to Chamber.

If City has not commenced construction of the Required Improvements or has not completed construction of the Required Improvements and delivered possession of the Chamber Area to Chamber, as applicable, by the end of any one (1) year extension by Chamber of the Construction Commencement Date or the Construction Completion Date, as applicable, then Chamber again shall have the right and option to: (I) further extend the Construction Commencement Date or the Construction Completion Date (or be deemed to have done so) by one (1) calendar year, and City shall continue to pay to Chamber the monthly liquidated damage amount set forth above (prorated for any parts of calendar month), as provided in Section 1(g)(ii)(i) above; or (II) terminate this Agreement and receive the Termination Sum, as provided in Section 1(g)(ii)(i) above, and such right and option shall continue until the construction of the Required Improvements commence or the Required Improvements are completed and possession of the Chamber Area is delivered to the Chamber, or this Agreement is terminated, as applicable.

IF CITY DOES NOT COMMENCE CONSTRUCTION OF THE REQUIRED IMPROVEMENTS BY THE "CONSTRUCTION COMMENCEMENT DATE" OR DOES NOT COMPLETE THE CONSTRUCTION OF THE "REQUIRED IMPROVEMENTS" BY THE "CONSTRUCTION COMPLETION DATE" AND DELIVER POSSESSION OF THE "CHAMBER AREA" TO CHAMBER BY THE "CONSTRUCTION COMPLETION DATE" (EACH, A "CITY CONSTRUCTION DEFAULT"), CHAMBER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THOSE DAMAGES, BUT SUCH DAMAGES WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN. BOTH CITY AND CHAMBER WISH TO AVOID THE COSTS AND LENGTHY DELAYS THAT WOULD RESULT IF CHAMBER FILED A LAWSUIT TO COLLECT ITS DAMAGES FOR ANY SUCH CITY CONSTRUCTION DEFAULT. THE MONTHLY AMOUNTS PROVIDED FOR IN THIS SECTION PLUS THE TERMINATION SUM, AS APPLICABLE, SHALL BE DEEMED TO CONSTITUTE REASONABLE ESTIMATES OF CHAMBER'S DAMAGES AND SHALL BE DUE TO CHAMBER AS LIQUIDATED DAMAGES AND AS CHAMBER'S SOLE AND EXCLUSIVE REMEDY (EXCEPT AS SET FORTH BELOW) IN THE EVENT CHAMBER TERMINATES THIS AGREEMENT OR EXTENDS THE CONSTRUCTION COMMENCEMENT DATE OR CONSTRUCTION COMPLETION DATE, AS APPLICABLE, UNDER THIS SECTION. CHAMBER AND CITY ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

NOTWITHSTANDING THE FOREGOING, THIS LIQUIDATED DAMAGES PROVISION SHALL NOT LIMIT CHAMBER'S RIGHT TO RECEIVE REIMBURSEMENT FOR OR RECOVER DAMAGES IN CONNECTION WITH ANY INDEMNITY BY CITY OF CHAMBER. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO CHAMBER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671. THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

CITY'S INITIALS

CHAMBER'S INITIALS

(h) Delivery of Chamber Area. Upon substantial completion of the Required Improvements, but prior to City's receipt from the applicable Governmental Authority of a Certificate of Occupancy for the Required Improvements, City shall give Chamber written notice of such substantial completion ("**Construction Completion Notice**"). Following receipt of the Construction Completion Notice, Chamber and its agents, employees, consultants, contractors and subcontractors shall have the right to enter upon the Chamber Area and to conduct all inspections and investigations thereon and with respect thereto as Chamber determines, in its reasonable discretion, are necessary or advisable to enable Chamber to confirm, to its satisfaction in its reasonable discretion, that the construction of the Chamber Area has been completed in

accordance with the Plans, the Chamber Specifications and all Laws. No later than thirty (30) days following Chamber's receipt of the Construction Completion Notice, Chamber shall give City written notice that it approves or disapproves the construction of the Chamber Area as in compliance with the Plans, the Chamber Specifications and all Laws. If Chamber delivers a notice of disapproval ("**Deficiency Notice**"), such notice shall describe with reasonable particularity the deficiencies upon which Chamber bases its disapproval. No later than fifteen (15) Business Days following City's receipt of the Deficiency Notice City shall give Chamber written notice that: (a) City shall correct the deficiencies stated in the Deficiency Notice; or (b) City disputes the Deficiency Notice. If City delivers a correction notice, City shall diligently prosecute such corrections to completion and upon such completion, City shall deliver another Construction Completion Notice to Chamber and the provisions of this Section 1(i) shall again apply. If City delivers a dispute notice, the provisions of Section 16(j) shall apply. Following Chamber's delivery of a notice of approval of the construction of the Chamber Area, City shall obtain from the applicable Governmental Authority a Certificate of Occupancy for the Required Improvements, and upon City's delivery to Chamber of a copy of such Certificate of Occupancy, Chamber shall have the right to take possession of and occupy the Chamber Area. The date that Chamber has the right to take possession of and occupy the Chamber Area is referred to herein as the "**Chamber Possession Date**".

2. Mutual Waiver of Partition Rights. EACH PARTY HERETO, FOR THE MUTUAL BENEFIT AND PROTECTION OF BOTH PARTIES, HEREBY SPECIFICALLY WAIVES AND RELEASES ANY AND ALL RIGHT TO BRING ANY ACTION FOR PARTITION OR SALE OF THE PROPERTY OR ANY PART THEREOF, AND SPECIFICALLY WAIVES ITS RIGHTS IN CONNECTION WITH ANY SUCH ACTION TO FILE A NOTICE OF LIS PENDENS AGAINST THE PROPERTY OR ANY INTEREST THEREIN.

3. Occupancy; Use; Leasing.

(a) Owner Areas. From and after the completion of the Required Improvements in the portion of the Building described and shown on Exhibit "B" (the "**City Area**"), City shall have the right, exclusive of Chamber: (i) to use, enjoy and occupy the City Area for City offices and other City operations; and (ii) upon sixty (60) days written notice to Chamber, but without the consent of Chamber, to lease all or any portion(s) of (i) the City Area on the ground floor to third parties for any use allowed by applicable zoning ordinances and other law, without the consent of Chamber and (ii) the City Area on the third floor for office uses; except that at no time shall City use or lease any part of the City Area, nor allow or suffer any part of the City Area to be used, for medical offices or the provision of medical services. From and after the Chamber Possession Date, Chamber shall have the right, exclusive of City, to use, enjoy and occupy the portion of the Building described and shown on Exhibit "C" (the "**Chamber Area**") for office purposes or such other use permitted by applicable zoning codes and approved by City, which approval City shall not unreasonably withhold, condition or delay. From and after the completion of the Required Improvements (or prior to such completion provided the leases state that they automatically terminate if Chamber terminates this Agreement under Section 1(g)(ii)(2) above), upon sixty (60) days written notice to City, but without the consent of City, Chamber may lease up to seventy-five percent (75%) of the Chamber Area to third parties for office purposes, except that: (i) all space not leased must be contiguous; (ii) at no time shall Chamber

lease any part of the Chamber Area, nor allow or suffer any part of the Chamber Area to be used, for medical offices or the provision of medical services; (iii) in no event shall Chamber enter into a lease or amend a lease after delivering a Put Notice to City under Section 9 below, without the City's consent to the terms of such lease, which consent City shall not unreasonably withhold, condition or delay, except that if the Put Notice is withdrawn pursuant to Section 9(c), Chamber may again enter into such leases without City's consent. Chamber shall not lease the remaining twenty-five percent (25%) of the Chamber Area (which must be contiguous space) without City's prior written consent in the City's sole and absolute discretion; however, if the Chamber sells the Chamber Interest (after complying with Section 8(a)) in a transaction not governed by Section 8(b), or at any time following a conversion pursuant to Section 9(d), then the remaining twenty-five percent (25%) of the Chamber Area may be leased on the same terms and conditions under this Agreement that are applicable to leasing seventy-five percent (75%) of the Chamber Area.

(b) Common Areas. All portions of the Building not within the City Area or the Chamber Area, and all areas of the Property not within the Building, as described and shown on Exhibit "D", are referred to herein as the "**Common Areas**". From and after the Chamber Possession Date, each of City and Chamber and its permitted tenants shall have the non-exclusive right to use the Common Areas consistent with the nature of the Common Areas described on Exhibit "D".

(c) Parking. From and after the Chamber Possession Date, Chamber shall have the right to use fifteen (15) parking spaces ("**Chamber Spaces**") in the Garage, on the following terms.

(i) Reserved Spaces. At all times from and after the Chamber Possession Date, Chamber shall have the right to use six (6) Chamber Spaces exclusively and free of charge, and City shall reserve six (6) spaces in the Garage in the locations shown on Exhibit "E" for Chamber's exclusive use ("**Reserved Spaces**").

(ii) Leased Spaces; Initial Parking Lease Term. For three (3) years following the Chamber Possession Date ("**Initial Parking Lease Term**"), Chamber shall have the right to lease up to an additional nine (9) Chamber Spaces, at seventy five percent (75%) of the monthly rental rate in effect at the Garage from time to time, and otherwise pursuant to the terms of the City's standard parking rental agreement used for the Garage, in locations in the Garage to be selected by City at the time of leasing ("**Leased Spaces**"). During the Initial Parking Lease Term, Chamber's right to lease the Leased Spaces: (A) may be exercised for one or more of the Leased Spaces at any time upon ninety (90) days written notice to City; and (B) is continuing, such that at any time during the Initial Parking Lease Term, Chamber may lease up to all nine (9) Leased Spaces, terminate one or more of such leases and subsequently lease one or more of such Leased Spaces again, on an ongoing and repeated basis; provided, however, that each lease for any Leased Space shall have a term of no less than one (1) year.

(iii) Leased Spaces; Permanent Parking Lease Term. No later than thirty (30) days prior to the end of the Initial Parking Lease Term, Chamber shall give City written notice ("**Leased Parking Notice**") that Chamber will or will not continue to lease one or more Leased Spaces following the Initial Parking Lease Term, and if Chamber gives notice that

it will continue to lease one or more Leased Spaces, the Leased Parking Notice also shall state the number of Leased Spaces that Chamber will continue to lease (each a **“Permanent Leased Space”**). Following Chamber’s delivery of notice that it will lease one or more Permanent Leased Spaces, Chamber and City shall enter into a lease for each Permanent Leased Space (each a **“Permanent Parking Lease”**), which shall contain the following terms: (A) each Permanent Parking Lease shall be effective on the first day following the end of the Initial Parking Lease Term; (B) the rental rate for each Permanent Parking Space shall be equal to seventy five percent (75%) of the monthly rental rate in effect for a parking space at the Garage from time to time; (C) each Permanent Parking Lease may be terminated by Chamber on sixty (60) days prior written notice to City; however, once terminated, Chamber shall have no further right to lease the Permanent Parking Space subject to such Permanent Parking Lease (but a termination of one Permanent Parking Lease shall have no effect on any other Permanent Parking Leases); and (D) such other terms as provided in City’s standard parking rental agreement used for the Garage.

(iv) Location of Chamber Spaces. Notwithstanding the original location of the Reserved Spaces as shown on Exhibit “E”, or the initial location given for any Leased Space or Permanent Leased Space, City shall have the right to temporarily or permanently (i.e., permanent until a subsequent relocation under this Section 3(c)(iv)) relocate the Reserved Spaces from time to time, and to temporarily or permanently (i.e., permanent until a subsequent relocation under this Section 3(c)(iv)) relocate any Leased Space or Permanent Leased Space during the term of its lease, to alternative locations in the Garage as City reasonably determines is necessary or efficient in the operation of the Garage; provided, however, that in making any such relocations, City shall use its commercially reasonable efforts to locate the Reserved Spaces and the Leased Spaces or Permanent Lease Spaces at, or as close as possible to, the southwest end of the Garage.

(v) Parking Cards. For all Chamber Spaces in use by Chamber, City shall provide Chamber with parking pass cards, keys, electronic openers and/or other means necessary to give Chamber access to the Garage and the Chamber Spaces, and with all tokens, validations, placards, stickers or other means required to allow Chamber uninhibited use of the Chamber Spaces (collectively **“Parking Cards”**) twenty-four (24) hours per day, seven (7) days per week, subject to events and circumstances beyond City’s control, City’s right to repair, maintain and renovate the Garage, and closure by City of the Garage in the event of an emergency. The Parking Cards for the Reserved Spaces shall be provided at no charge to Chamber. Chamber shall pay for the Parking Cards for any Leased Spaces or Permanent Leased Spaces at the same rates charged other monthly patrons of the Garage from time to time.

(vi) Use by Chamber’s Tenants and Lessees. Chamber’s right to use the Chamber Spaces shall include the right to allow its tenants, guests and invitees to use such spaces on the same terms as Chamber’s use.

(vii) Alternative Garage. In the event that, at any time, City ceases to operate the Garage as a public parking garage and the Garage is no longer available to City to provide the Chamber Spaces to Chamber, City shall provide the Chamber Spaces in another public parking garage owned and/or operated by City that is no farther in distance to the Property than the Garage, on the same terms as provided herein with respect to the Garage. If at such time City does not own and/or operate an alternative public parking garage that is no more than two

(2) blocks from the Property, then City shall provide the Chamber Spaces to Chamber by leasing such spaces in a public parking garage that is not owned or operated by City and is not more than two (2) blocks from the Property at no cost to Chamber.

(d) Signs. Chamber shall have the right to place signs for its business and tenants in the sizes and locations, and pursuant to the terms, set forth in Exhibit "F"; provided that, notwithstanding anything in this Section 3(d), on Exhibit "F" or otherwise in this Agreement to the contrary, all signs maintained on the Property or the Building by Chamber and its tenants shall at all times conform to all Laws, including without limitation all ordinances of City.

(e) Rules and Regulations. Chamber, City and their respective tenants shall comply with all reasonable and nondiscriminatory rules and regulations (and amendments thereto) for the Property delivered by City to Chamber in writing from time to time to the extent they do not conflict with the terms of this Agreement.

4. Operation, Maintenance, Repair and Capital Improvements on Owner Areas.

(a) Responsibility. From and after the Chamber Possession Date, each of City and Chamber shall be responsible for the operation, maintenance and repair of its own Area, and to pay all costs and expenses incurred in connection therewith. Each of City and Chamber shall have the right, at its sole cost and expense and without the consent of the other, to make improvements to the interior of its own Area, so long as such improvements do not adversely affect the Area of the other Owner, the Common Areas, or the utility or other systems serving the Building or the Property.

(b) Insurance and Real Property Taxes. Notwithstanding anything in this Section 4 or Section 5 to the contrary, City and Chamber's respective obligations with respect to Insurance and Real Property Taxes shall be as follows:

(i) Insurance.

(1) City Property Insurance. At all times following the completion of the Required Improvements, City shall maintain and keep in effect on the Property and the Building fire and extended coverage insurance for the mutual benefit of the Owners in such types and amounts as are typically maintained from time to time by City for office buildings owned by City. In the event of damage to the Property or Building, City and Chamber shall cooperate with each other in using proceeds of such insurance to repair such damage to the entire Property and Building, excluding only personal property covered by Section 4(b)(i)(2) and fixtures and improvements insured by Chamber under Section 4(b)(i)(3)(C) below. City shall have no obligation, but shall have the option, to maintain earthquake insurance on the Building, in such coverage amounts and with such terms, including deductibles, as City elects in its sole discretion. If City elects to carry earthquake insurance on the Building, upon such election and no later than thirty (30) days prior to each renewal of such earthquake coverage, City shall give Chamber written notice of: (A) its election to carry or renew, as applicable, the earthquake coverage; (B) the date the earthquake insurance or renewal, as applicable, will become effective and the length of the initial or renewal term; and (C) the cost of the earthquake insurance for such initial or renewal term. For twenty days following its receipt of each such notice, Chamber

shall have the right and option to elect, by written notice to City, to do either of the following: (I) to pay Chamber's Share of the cost of such earthquake insurance and to participate in its coverage and in any insurance proceeds paid pursuant to any claims made under the earthquake coverage, on a prorata basis equal to Chamber's Share; or (B) to not pay any part of the cost of such earthquake insurance and not be entitled to participate in its coverage or in any portion of any proceeds paid pursuant to any claim City makes under the earthquake coverage.

(2) Personal Property Insurance. Each of City and Chamber shall be responsible for maintaining personal property casualty insurance for damage to personal property within their respective Areas in such amounts and with such limits as each determines in its sole discretion.

(3) Other Chamber Insurance. Chamber shall, at its sole cost and expense, keep in full force and effect the following insurance:

A. Commercial general liability insurance coverage, including personal injury, bodily injury, broad form property damage, automobile, premises operations hazard with a combined single limit of not less than Two Million Dollars (\$2,000,000.00). Such insurance shall be primary and non-contributing with respect to any insurance maintained by City. Such liability insurance shall insure Chamber for (1) the actions of Chamber and any of Chamber's employees, agents, representatives, contractors and/or invitees, (2) alterations to, and occurrences in, the Chamber Area, and (3) the use or operation of the Chamber Area. City shall have the right, from time to time, to require reasonable increases in such liability insurance limit if consistent with practices for comparable premises within comparable buildings.

B. Workers' Compensation Insurance coverage in form and amounts as required by applicable law.

C. Standard fire, extended coverage and special extended coverage insurance (all risks), including a vandalism and malicious mischief endorsement, in an amount equal to the full replacement value of all improvements, alterations and fixtures installed in the Chamber Area by or at the expense of Chamber.

(4) The minimum limits of insurance set forth in this Section are not intended to limit the liability of Chamber. All policies of insurance maintained by Chamber under this Section, shall be taken out with insurance companies holding a General Policyholders Rating of "A-" and a Financial Rating of "VIII" or better, as set forth in the most current issue of Best's Insurance Reports. As soon as practicable after the placing of the required insurance, but prior to the date Chamber takes possession of all or any part of the Chamber Area, Chamber shall deliver to City certificates evidencing the existence of the amounts and forms of coverage required hereunder. No such policy shall be cancelable or reducible in coverage except after at least thirty (30) days' prior written notice to City. Chamber shall, within thirty (30) days prior to the expiration of such policies, furnish City with certificates of renewals or binders thereof; provided that if Chamber fails to furnish the same, City may obtain such insurance and Chamber shall reimburse City for the cost thereof within thirty (30) days after written demand.

(ii) Real Property Taxes. Each of City and Chamber shall be responsible for obtaining separate real property tax bills from the Los Angeles County Tax Assessor and Collector, and all other Government Authorities that may impose real property or other taxes on the Property, for each of the City Interest and the Chamber Interest (each an **“Interest”**) in the Property, and shall pay such taxes directly to the applicable taxing authorities, each on its own and not the other’s behalf.

(c) Right to Perform Obligations of Other Party. Notwithstanding the parties’ obligations under Section 4(a), if in its reasonable and good faith opinion either party (**“Notifying Party”**) determines that the other party (**“Responding Party”**) has failed to maintain and repair the Responding Party’s Area in a manner that could result in damage to the Notifying Party’s Area or the Building or Property as a whole, and has failed to correct such failure after both written notice explaining the failure with reasonable specificity and the expiration of the cure period in Section 12(a), and provided neither party has invoked the dispute resolution provisions of Section 16(j), then the Notifying Party shall have the right, but not the obligation, to rectify such deficiencies and the Responding Party shall reimburse the Notifying Party within ten (10) days after written demand for sums expended to cure the failure.

5. Operation, Maintenance, Repair and Improvements of Common Areas. Subject to the provisions of this Section 5, City shall be responsible for: (I) the operation, maintenance, repair and replacement of the Common Areas; and (II) all improvements to the Common Areas required by Law or to which the Owners agree. Such responsibilities shall include, without limitation: (A) the obligation to provide utilities of electricity, gas and water to the Property, with electricity to be separately metered for the City Area, the Chamber Area and the Common Areas and all other utilities to be provided to the Property as a whole; (B) the obligation to install and maintain a building access system for the Building, and to provide Chamber with the means to gain access to the Building and the Chamber Area through such building access system (but no obligation to provide security guards or other security personnel or other security for the Building); and (C) the obligation to install, maintain and repair all utility and other systems serving the Building (except any such systems located entirely within an Owner Area), including without limitation, electrical, plumbing, HVAC and sprinkler systems and gas and telecommunications lines installed in the walls, floors or roof of the Building. City shall install separate meters for electricity and shall install the building access system and all utility systems and telecommunication lines as part of the Required Improvements and the costs of such installation shall be included in the cost of the Required Improvements. In addition, with respect to Common Areas operation, maintenance, repair and replacement, the following also shall apply.

(a) Chamber Approval. Except for expenses incurred in an emergency, Chamber shall have the right to approve any single expense, and any contract requiring annual payment (and pertaining solely to the Property, and not other City buildings, that require payments), in excess of Ten Thousand Dollars (\$10,000), as increased annually by the percentage increase in the CPI (as defined in Section 9(vi) below) to be incurred by City in the operation, maintenance, repair or replacement of the Common Areas that is not an expense or contract to which public bidding requirements apply (each such expense and contract requiring Chamber approval being referenced hereinafter as a **“Major Cost”**). In the event City desires to incur a Major Cost, City shall give Chamber written notice of such Major Cost and its estimated amount. Chamber shall

have fifteen (15) Business Days following Chamber's receipt of such notice to give City written notice that it objects to the amount of such Major Cost ("**Cost Objection Notice**"), which Cost Objection Notice must (in order to be valid) include a reasonable proposal from a reputable, licensed third party to provide the service and/or materials which are the subject of the Major Cost at a materially lower cost ("**Alternative Bid**"). If Chamber does not deliver a Cost Objection Notice to City within such 30 days, City shall have the right to incur the Major Cost as noticed to Chamber and thereafter City shall include the amount of such Major Cost in the Operating Expenses (as defined in Section 6(a)). If Chamber delivers a Cost Objection Notice to City within such fifteen (15) day period City shall have the right to incur the Major Cost as noticed to Chamber or to proceed with any Alternative Bid, as City elects in its sole discretion; however, if Chamber provides an Alternative Bid, City shall have the right to include in the Operating Expenses only the lesser of: (A) the amount of the Alternative Bid or (B) the actual cost of the service or materials that were the subject of the Major Cost paid by City.

(b) Emergency Repairs. Notwithstanding anything in Section 5(a) or otherwise in this Agreement to the contrary, in the event of an emergency, City shall be entitled to take such actions and make such repairs as City may deem appropriate in its governmental capacity or in its good faith business judgment under this Agreement, and if such emergency resulted from events or circumstances beyond City's control and was not caused or materially contributed to by any action or inaction by City in the performance of its obligations under Section 4 or this Section 5 or by any action or inaction on the part of any of City's tenants, guests or invitees, then the costs thereof shall be added to Operating Expenses subject to the exclusions in Section 6(e) below. If the emergency was caused or materially contributed to by Chamber or Chamber's tenants, guests or invitees, then Chamber shall defend and indemnify City with respect to the emergency as provided in Section 14.

(c) Capital Improvements. Following completion of the Required Improvements, in the event that City determines that improvements (as hereinafter defined) should be made to the Common Areas, including without limitation the structural portions of the Property (including the roof), City may complete the improvements at City's cost and without Chamber's consent, provided: (i) City shall notify Chamber in writing of such determination no later than thirty (30) days prior to commencement of construction or installation of any such improvements (except in the event of improvements necessitated by emergency); (ii) any such improvements shall not materially and adversely affect Chamber's use or enjoyment of or access to the Chamber Area; (iii) upon commencement of construction or installation of any such improvements, City shall diligently prosecute same to completion; and (iv) City shall use good faith efforts to minimize the disturbance of the use and enjoyment, access to and occupancy of the Chamber Area during the construction or installation of any such improvements. As used in the preceding section, the term "improvement" means construction on or replacement of any part of the Common Areas other than as needed to maintain the Common Areas in good condition and repair, but shall not include any improvement or replacement required by Law or by changes in Laws or as a result of an emergency, as such improvements shall be performed by City under Section 5(II) and shall be subject to payment by Chamber for a portion of the cost thereof in accordance with Section 5(II) and Section 6.

6. Operating Expenses. From and after the Chamber Possession Date, all costs and expenses incurred in connection with the operation, maintenance, repair and replacement of the

Common Areas in accordance with Section 5(I), and improvements required by Law and made by City in accordance with Section 5(II), shall be shared by the Tenants-in-Common, as follows.

(a) Chamber's Estimated Share. Chamber shall pay to City in monthly installments, on or before the first (1st) day of each calendar month, without prior demand and without offset, abatement or deduction, an amount per month estimated by City in good faith and delivered to Chamber in writing to total twenty eight (28%) ("**Chamber's Share**") of the projected Operating Expenses (as defined in Section 6(e)) for the Common Areas for the applicable period for which such estimate is provided, such that over the course of such period, Chamber pays Chamber's Share of the estimated Operating Expenses for such period. City's initial estimate shall cover the period from the Chamber Possession Date through the remainder of the then current calendar year, and subsequent estimates shall cover each subsequent calendar year. City shall deliver a written estimate to Chamber of the Operating Expenses for the period from the Chamber Possession Date through the remainder of the then current calendar year no less than ninety (90) days prior to the Chamber Possession Date (prorated for any partial month), and shall use good faith efforts to notify Chamber in writing of City's estimate of Operating Expenses for each following calendar year prior to the beginning of such calendar year, but until such subsequent annual notice is given, Chamber shall continue to make payments in the amounts previously estimated.

(b) Improvement Costs. The cost of any improvement required by Law and made by City in accordance with Section 5(II) shall be amortized over the useful life of the improvement, with interest at the rate the City is paying on any bonded indebtedness used to finance such improvement or if there is no such bonded indebtedness, the rate of tax-free bonds for City at the time City commences the improvement. Chamber shall pay Chamber's Share of the initial cost of such improvement through the addition of the annual amortized amount to the Final Operating Statement Expenses (as defined in and delivered pursuant to Section 6(c)); however, in years subsequent to the initial construction or installation of the improvement, the annual amortized amount also shall be added to projected Operating Expenses under Section 6(a).

(c) Final Operating Statement. As soon as reasonably practicable after the end of each calendar year, City shall furnish Chamber a statement showing actual Operating Expenses for that calendar year ("**Final Operating Statement**"). Unless Chamber timely objects to the Final Operating Statement as provided in Section 6(d), such Final Operating Statement shall conclusively be deemed correct and Chamber shall have no right thereafter to dispute such Final Operating Statement or any item therein. If Chamber's Share of Operating Expenses as finally determined for a calendar year exceeds the total payments made by Chamber on account thereof, Chamber shall pay the deficiency to City within thirty (30) days after such final determination. If Chamber's Share of Operating Expenses as finally determined for a calendar year is less than the total payments made by Chamber on account thereof, City shall pay Chamber an amount equal to the overpayment within thirty (30) days after such final determination.

(d) Chamber Objection To Final Operating Statement. Any objection by Chamber to any Final Operating Statement shall be made by written notice to City no later than sixty (60) days following Chamber's receipt of the Final Operating Statement and shall specify the reasons for Chamber's objections with reasonable particularity. If Chamber timely delivers

such notice, City shall provide Chamber and any accountant(s) selected by Chamber with back-up books and records for the figures shown on the Final Operating Statement for Chamber and its accountant(s) to review and, if Chamber elects, to audit; provided, any such accountant or auditor retained by Chamber to conduct such review or audit shall be a certified public accountant with no less than ten (10) years experience in conducting audits of a similar nature, and shall have a professional reputation in the Beverly Hills, California business community that is reasonably acceptable to City. In connection with any such review and audit, City shall furnish Chamber, at a location in Beverly Hills, California to be specified in writing by City, with: (i) such reasonable supporting documentation relating to the Final Operating Statement as Chamber may reasonably request; (ii) reasonable space for Chamber's and its accountants' review and audit; and (iii) reasonable use of available office equipment; however, City may charge Chamber for telephone calls and photocopies at City's actual cost. If after such audit, Chamber still objects to the Final Operating Statement, City and Chamber shall negotiate in good faith to resolve any disputes. In the event that following such negotiations, Chamber and City continue to dispute the amounts shown on the Final Operating Statement and City and Chamber are unable to resolve such dispute, then the provisions of Section 16(j) shall apply. Within thirty (30) days after resolution of any dispute, by negotiation, mediation, judicial resolution or otherwise, the parties shall make appropriate payments or reimbursements, as the case may be, to each other as are determined to be owing, plus interest at the rate of ten percent (10%) per annum (but no greater than the maximum rate permitted by Law), from the date of the Final Operating Statement until paid. Each of Chamber and City shall be responsible for their own costs and expenses incurred by each of them in connection with any review and/or audit of a Final Operating Statement; however, if following any such review and/or audit it is finally determined that the Final Operating Statement overstated the amount that Chamber owed for Chamber's Share of Operating Expenses by more than ten percent (10%) of the amount finally determined to be owed by Chamber, City shall be responsible to and shall reimburse Chamber for all reasonable costs and expenses incurred by Chamber in connection with such review and/or audit, including without limitation all accountant audit fees and attorneys' fees and costs.

(e) Operating Expenses Definition. Operating Expenses shall consist of: (i) costs of insurance that City is required to maintain for the Property pursuant to Section 4(b)(i)(1), other than earthquake insurance unless Chamber elects to participate in such coverage as provided in Section 4(b)(i)(1); (ii) costs of utilities separately metered to the Common Areas; (iii) costs of utilities provided to the Property or Building as a whole and not separately metered; provided that to the extent the City Area uses more of such utilities than its proportionate share of seventy two percent (72%) as determined in good faith by City and Chamber, Chamber's Share of such utilities costs shall be adjusted downward accordingly; (iv) costs of maintenance of the Common Areas, including the exterior Building and interior Common Areas, and including, without limitation, landscaping, resurfacing hard surface areas such as walkways, painting and maintenance of elevators and stairways; (v) costs of repairs and replacements of the Common Areas in accordance with Section 5(I); and (vi) costs of common area improvements in accordance with Section 5(II). Operating Costs shall not include:

(i) costs incurred in connection with the construction of the Required Improvements or in connection with any improvements made to the Required Improvements after the completion of the Required Improvements and not required by Law;

(ii) marketing costs, legal fees, space planners' fees, advertising and promotional expenses and brokerage fees incurred in connection with the leasing of portions of the Property, and costs of the permitting, design and construction of tenant improvements and the amount of any allowances or credits paid to or granted to tenants for any such design or construction;

(iii) depreciation, interest and principal payments on mortgages, bonds and other debt costs incurred by City in connection with the Construction and/or operation of the City Area or the Common Areas following completion of the construction of the Required Improvements, other than with respect to improvements required by Law as provided in Section 5(II), if any, and any bad debt loss, rent loss, or reserves for bad debts or rent loss or any reserves of any kind;

(iv) costs of any Operating Expense to the extent City receives reimbursement from insurance proceeds or from a third party (if previously included in Operating Expenses, such reimbursements shall be deducted from Operating Expenses in the year in which received);

(v) costs associated with the operation of the City Area and costs to perform the general municipal functions of the City, as the same are distinguished from the actual costs incurred by City for the management and operation of the Common Areas and payment of Operating Expenses, and City shall reasonably allocate the actual costs of personnel employed by City involved in operating the Common Areas (which shall be included in Operating Expenses) between time spent on the Common Areas and time spent on the City Area and other City matters, and shall deliver a written monthly allocation of such time to Chamber with the annual Final Operating Statement; provided, however, that as long as the allocated staff costs do not exceed a fair market property management fee for areas such as the Common Areas, then such allocation of City staff time may be allocated proportionately with the square footage under City staff management;

(vi) costs of personnel employed by City allocated to the operation of the Common Areas to the extent such costs exceed fair market charges for the services performed by such personnel;

(vii) costs of selling, syndicating, financing, mortgaging or hypothecating any of City's interest in the Property, and costs incurred in connection with any disputes between City and its employees, or between City and its tenants;

(viii) costs associated with the operation and/or maintenance of the Garage or the Chamber Spaces;

(ix) the wages and benefits of any employee of the City;

(x) all items and services for which any tenant is obligated to reimburse City;

(xi) utility costs for which any tenant directly contracts with a public service company;

(xii) Property management and asset management fees; and

(xiii) Liability insurance for the City Area, and liability insurance for the Common Areas to the extent the City self-insures the risks that would ordinarily be covered by such insurance (in which case City shall pay or settle all claims that would otherwise be covered by such insurance and the cost thereof shall not be included in Operating Expenses).

7. Provision and Interruption of Services. City shall cause all utilities except HVAC to be provided to the Property twenty four (24) hours a day, seven (7) days a week. City shall cause HVAC services to be provided to the Property between the hours of 7 a.m. and 7 p.m. on all Business Days; however, Chamber shall have the right to request, on no less than forty eight hours telephonic notification, that City cause HVAC services to be provided on Saturday (but not on Sunday or on holidays) and upon receipt of such request, City shall provide HVAC services on the requested Saturday between the hours 9 a.m. and 1 p.m. at no extra charge to Chamber. Chamber shall pay Chamber's Share for all utilities provided and not separately metered to the Chamber Area as provided in Section 6 above; except that Chamber shall pay to City within ten (10) days after written demand, from time to time, the City's actual cost for providing HVAC service provided at Chamber's request during hours other than 7 a.m. to 7 p.m. on Business Days and 9 a.m. to 1 p.m. on Saturdays. City shall not be obligated to furnish any security guards or Building attendants. Notwithstanding City's obligation to provide utilities, HVAC and other services pursuant to this Agreement, City shall not be liable in damages or otherwise for any failure or interruption of any such utilities or services unless such failure or interruption is caused by the gross negligence of City or its employees or agents, however, no such failure or interruption shall entitle Chamber to terminate this Agreement, or to an abatement of or offset against any sums payable to City under this Agreement. As used herein, "**Business Day**" is any day that the City's offices are open to the public, and weekends and holidays are any days that the City's offices are not so open.

8. Restrictions on Transfer. Except for leases permitted under Section 3(a) or deeds of trust or other grants of security interests entered into pursuant to Section 11, and except with respect to Affiliates of Chamber as defined in and pursuant to Section 8(b) below, no Owner nor such Owner's heirs, personal representatives, Affiliates, successors or assigns, shall have the right, at any time, to sell or otherwise convey title to all or any portion of or interest in its Interest in the Property unless the other Owner shall consent in writing to the same or, in the case of a proposed sale by Chamber, City shall fail to exercise its right of first offer as described below.

(a) City Right of First Offer. If Chamber desires to sell the Chamber Interest, Chamber shall notify City in writing of same. City shall have ninety (90) days after receipt of such notice to elect to purchase the Chamber Interest on the City Purchase Terms (as defined in Section 9(e)(ii) below) at the City Purchase Price (as defined in Section 9(e)(iii) below). The right of first offer described herein shall be a continuing right, such that in the event that the City does not elect to purchase the Chamber Interest, but a sale is not consummated within one hundred and eighty (180) days after the earlier of the end of the ninety (90) day period or the date on which City notifies Chamber in writing that City does not desire to purchase the Chamber Interest, then the City's right of first offer and the terms of this Section 8(a) shall again apply to any subsequent proposed sale of the Chamber Interest. Any purchaser of the Chamber

Interest shall assume the obligations of Chamber under this Agreement in a written assignment and assumption agreement delivered to City.

(b) Chamber Right to Transfer to Affiliates. Notwithstanding anything in Section 8(a) or otherwise in this Agreement to the contrary, Chamber shall have the right, at any time after giving written notice to City, with reasonable information about the proposed new legal entity, to convey the Chamber Interest to a legal entity created by the Chamber to perform the Chamber's functions as a chamber of commerce of the City of Beverly Hills ("**New Entity**"), provided that: (a) Chamber is not then in default under this Agreement; (b) Chamber concurrently dissolves and no person that is a board member of Chamber at the time of its dissolution is involved, directly or indirectly, in creating a new chamber of commerce for the City of Beverly Hills to be operated by any legal entity other than the New Entity; (c) Chamber provides to City a written assignment and assumption agreement executed by such new entity and by Chamber whereby Chamber assigns to the New Entity, and the New Entity assumes, all of Chamber's rights and obligations under this Agreement, in a form reasonably acceptable to City prior to the conveyance, the effectiveness of which may be conditioned upon the conveyance. Upon such assignment and assumption, City shall release Chamber from its prospective obligations under this Agreement provided the New Entity has the same or better net worth as the Chamber as of the date hereof, as shown by financial statements of the New Entity certified to City and delivered to City prior to the assignment and conveyance.

9. Chamber Put Right. Chamber shall have, and City hereby grants to Chamber, the irrevocable right and option, but not the obligation, to sell the Chamber Interest to City ("**Put Right**") upon the terms and conditions set forth herein.

(a) Conditions Precedent. Notwithstanding anything in this Section or otherwise in this Agreement to the contrary, Chamber shall have the Put Right only in the following limited circumstances:

(i) At any time during the six (6) month period immediately following the tenth (10th) anniversary of the date of this Agreement, and thereafter, once every seven (7) years during the six (6) month period from June 1 through November 30 of each such subsequent seventh (7th) year, by delivering written notice of such exercise to City ("**Put Notice**"). City shall have sixty (60) days following the date of its receipt of the Put Notice to deliver written notice to Chamber that City desires to delay its purchase of the Chamber Interest for up to two (2) years following the date of the Put Notice ("**Delay Notice**"). If City fails to deliver a Delay Notice to Chamber within such sixty (60) days, City shall be deemed to have waived its right to delay the purchase and Chamber and City shall immediately proceed with a sale and purchase of the Chamber Interest from Chamber to City on the terms and conditions set forth in Section 9(e) ("**Chamber Put Sale**"). If City delivers a Delay Notice to Chamber within such sixty (60) days, Chamber and City shall close the Chamber Put Sale no later than two (2) years following the date of the Put Notice or such earlier date that the City specifies as a closing date in its Delay Notice (as applicable "**Delayed Closing Date**").

(ii) At any time that any of the conditions in subparts (1) through (4) of this Section 9(a)(ii) occur, by delivering a Put Notice to City that describes the applicable condition and includes reasonable evidence that it has occurred. Upon Chamber's delivery of

any such Put Notice to City, City shall have no right to deliver a Delay Notice, and Chamber and City shall immediately proceed with the Chamber Put Sale in accordance with the provisions of Section 9(e).

(1) Chamber intends in good faith to dissolve upon the sale of the Chamber Interest to City (and not as a means of enabling the extension of the Put Right) and no person who is on the board of directors of Chamber at the time the Put Notice is delivered is directly or indirectly involved, prior to or after such dissolution, in creating a new chamber of commerce for the City of Beverly Hills;

(2) A voluntary or involuntary bankruptcy is filed by or against Chamber and is not dismissed prior to the consummation of the Chamber Put Sale;

(3) The liabilities of Chamber exceed its assets, as shown on a then current balance sheet of Chamber prepared in accordance with accounting procedures used by Chamber in the preparation of its financial statements consistently applied and certified to City, or the Board of Directors of Chamber adopts a resolution approving a reasonable projection of the assets and liabilities of Chamber, consistent with the same accounting procedures, that within two fiscal quarters of the date of the resolution, the liabilities of Chamber will exceed its assets, and City shall have the right to inspect the books and records of Chamber to verify that the projection is reasonable; or

(4) Chamber has insufficient liquid assets, as shown on a then current balance sheet of Chamber prepared in accordance with accounting procedures used by Chamber in the preparation of its financial statements consistently applied and certified to City, to pay its debts or otherwise meet its financial obligations as such debts or obligations become due, or the Board of Directors of Chamber adopts a resolution that, based upon a reasonable projection of the liquid assets and liabilities of Chamber, consistent with the same accounting procedures, that absent a sale of the Chamber Interest, within two fiscal quarters of the date of such resolution, Chamber will be unable to pay its debts or otherwise meet its financial obligations, as such debts or obligations become due.

(b) Exercise. Upon the occurrence of any of the conditions precedent described in Section 9(a), and in the case of the conditions described in Section 9(a)(ii), following delivery by Chamber to City of reasonable evidence of the occurrence of the applicable condition(s), Chamber shall have the right to exercise the Put Right by delivering written notice of such exercise to City, with a description of the basis for the exercise under Section 9(a)(ii), if applicable, and upon City's receipt of the Put Notice, Chamber shall sell the Chamber Interest to City, and City shall purchase the Chamber Interest from Chamber, at the City Purchase Price and on the City Purchase Terms (as defined in Section 9(e)). If the exercise of the Put Right is based on a condition described in Section 9(a)(ii), then it shall be a condition in favor of City to the closing of the Chamber Put Sale that the applicable condition described in Section 9(a)(ii) be continuing at the time of such closing, as shown by reasonable evidence delivered by Chamber to City.

(c) Withdrawal of Put Notice by Chamber. If City elects to postpone the Chamber Put Sale under Section 9(a)(i) above for more than one (1) year, following Chamber's

receipt of the Delay Notice, Chamber shall have the right to withdraw the Chamber Put Notice by written notice to City given no later than ninety (90) days prior to the Delayed Closing Date (“**Put Withdrawal Notice**”). If Chamber delivers a Put Withdrawal Notice, for thirty (30) days following City’s receipt of the Put Withdrawal Notice, City shall have the right to elect to close the Chamber Put Sale notwithstanding the Put Withdrawal Notice, by delivering written notice of such election to Chamber; provided, any closing of the Chamber Put Sale pursuant to such election must occur no later than sixty (60) days following City’s receipt of the Put Withdrawal Notice. If City fails to deliver written notice of its election to close the Chamber Put Sale within such thirty (30) day period, at the end of such thirty (30) day period, Chamber’s exercise of its Put Right shall be effectively withdrawn. Following any such withdrawal: (i) Chamber again shall have the right to exercise its Put Right in accordance with the provisions of this Section 9, and all of the terms and conditions of this Section 9 shall again apply; and (ii) if Chamber decides to sell the Chamber Interest, the terms of Section 8 shall apply.

(d) City Option to Attempt to Create Condominium. Upon receipt of a Put Notice, City shall have the right to elect, by written notice to Chamber given within sixty (60) days after the Put Notice is given, to attempt to convert the Building from a tenancy in common to commercial condominiums (“**Conversion**”), consisting of: (A) one unit consisting of the second floor of the Building, which Chamber shall own in fee; (B) one or two units, as City elects in its sole discretion, consisting of the first and third floors of the Building, which City shall own in fee; and (C) the same common areas as provided for in Section 3(b), in which each of Chamber and City shall own an undivided 28% interest and 72% interest, respectively.

(i) City Rights and Obligations. If City makes such election to attempt a Conversion, then unless and until the application for the Conversion is denied by any applicable Government Authority (including the City in its governmental capacity), City shall: (I) prepare and file all proposals, requests and/or applications with all Government Authorities having jurisdiction over and authority to approve the Conversion, and thereafter submit all further documentation to and make all appearances before such Government Authorities as may be necessary or convenient to obtain all necessary Government Approvals for the Conversion; (II) engage appropriate professionals to facilitate and effect the Conversion by, among other things, preparing and submitting to appropriate Government Authorities: (A) a condominium plan and diagram; (B) appropriate survey maps and legal descriptions; (C) covenants, conditions and restrictions for the operation of the condominiums; and (D) such other documents as may be required by Government Authorities; (III) take all appropriate actions to comply with all conditions of approval and all other requirements of the Conversion imposed by Government Authorities; and (IV) upon obtaining all necessary governmental approvals, prepare, execute and have Chamber execute, and record in the Official Records of Los Angeles County (“**Records**”), all documents necessary to effect the Conversion and to transfer title to the condominium units and common areas to City and Chamber in the manner described above. City and Chamber shall share equally all costs incurred in connection with processing, implementing and recording the Conversion and the transfers of title pursuant thereto, and Chamber shall reimburse City for its share of such costs within ten (10) days after written demand from City from time to time.

(ii) Chamber Rights and Obligations. Chamber shall have the right to review and approve all documents, diagrams, maps and other things prepared by City or any persons engaged by City in connection with the Conversion, prior to submission of same to any

Government Authority. Chamber shall cooperate with City and all persons engaged by City in processing the Conversion, and do all things required of an owner of the Property in connection with the Conversion, including but not limited to timely executing and joining in, to the extent necessary, any and all proposals, requests, applications, permits and other documents submitted to Governmental Authorities, and all deeds and other documents required to be executed and recorded to effect the Conversion; provided, such cooperation by Chamber shall be at no cost to Chamber. Upon completion of the Conversion, Chamber shall have an obligation to, and shall, pay to City, One Hundred Seventy Thousand Dollars (\$170,000).

(iii) Condominium Covenants, Conditions and Restrictions. In connection with the Conversion, City and Chamber shall enter into an Agreement of Covenants, Conditions and Restrictions (“**CC&Rs**”), which shall provide for the operation of the condominiums: (A) in a manner that is consistent with City’s and Chamber’s rights and obligations, as owners of the condominium units, set forth in Section 3 through 7, 11 and 14 through 16 of this Agreement; and (II) pursuant to such other provisions to which City and Chamber shall mutually agree, provided that neither party shall unreasonably withhold consent to commercially reasonable provisions proposed by the other. Following City’s and Chamber’s execution of the CC&Rs, City shall record the CC&Rs in the Records, and concurrently therewith, City and Chamber shall execute and record a document terminating this Agreement. Upon termination of this Agreement, except for obligations incurred hereunder prior to such termination and obligations that by their terms survive such termination, which obligations each of City and Chamber shall continue to perform, the parties shall have no further obligations to each other under or arising out of this Agreement and thereafter, the relationship of City and Chamber shall be governed by the CC&Rs and by all laws applicable to the operation of a commercial condominium in the City of Beverly Hills, including without limitation each of Chamber’s and City’s right to sell its condominium to any third party without the consent, right of first offer or any other restriction on transfer of or held by the other party.

(e) Escrow and Further Terms of Sale.

(i) Escrow. Following Chamber’s delivery of a Put Notice to City: (I) no later than ten (10) days following City’s failure to timely deliver a Delay Notice to Chamber; (II) or if City timely delivers a Delay Notice to Chamber, no later than thirty (30) days prior to the scheduled close of escrow for the Chamber Put Sale; or (III) if City elects to attempt a Conversion, no later than thirty (30) days after the Conversion application is denied by any applicable Governmental Authority, Chamber and City shall open escrow, with an escrow company selected by City, and City shall deposit the City Purchase Price therein within one (1) business day prior to the scheduled close of escrow. No later than twenty (20) Business Days following the opening of escrow, Chamber and City shall close escrow.

(ii) City Purchase Terms. Chamber shall sell the Chamber Interest to City and City shall purchase the Chamber Interest from Chamber at the City Purchase Price and on such other terms and provisions not inconsistent with those contained in the California Association of Realtors Form of Agreement for Purchase and Sale of Commercial Real Property and Joint Escrow Instructions (“**CAR Agreement Form**”), except that, notwithstanding any contrary terms in the CAR Agreement Form: (A) title shall be conveyed to City by grant deed on an AS IS, WITH ALL FAULTS basis, and without representation or warranty of any kind except

for the implied warranties in the grant deed, and except for any legal obligation that Chamber, as a seller of real property in California, has to disclose material facts regarding the condition of the Chamber Area (provided that Chamber will have no obligation to disclose facts known to former employees of Chamber that are not otherwise known to Chamber as long as the former employees are not terminated or dismissed from employment in connection with an event described in Section 9(a)(ii) that is the basis for the Put Notice), (B) there shall be no contingencies or conditions to the close of escrow other than: (v) the delivery of appropriate documents (including any applicable tax withholding affidavits); (w) the removal by Chamber of any monetary liens on the Chamber Interest (which may occur concurrently with the closing); (x) the removal of any other encumbrances to title created solely by Chamber after its purchase of the Chamber Interest, that do not also encumber the City Interest and that have not previously been approved by City in writing, which approval will not be unreasonably withheld; (y) the termination of any leases that do not comply with Section 3(a) above); and (z) the delivery of the grant deed; and (C) Chamber shall pay all costs related to title insurance for the Chamber Area if City elects to purchase same. Chamber shall remove all of its personal property from the Chamber Area and vacate the Chamber Area by the close of escrow and this Agreement shall be of no further force or effect except as to obligations arising hereunder prior to the close of escrow and except that City will defend, indemnify and hold Chamber harmless from and against all claims, liabilities, costs, expenses and losses arising from the release of hazardous materials or hazardous substances not caused by Chamber or its officers, employees, guests, invitees or tenants (except for releases by tenants after the City's purchase of the Chamber Interest). Both parties additionally shall promptly execute such documents and perform such other acts as may be necessary or reasonable to accomplish the Chamber Put Sale as provided herein. As used elsewhere in the Agreement, the term "**City Purchase Terms**" shall mean the terms described in this Section 9(e)(ii).

(iii) City Purchase Price.

(1) As used in this Agreement, the term "**City Purchase Price**" shall mean the greater of: **(I)** the Chamber Fair Market Value (as defined in Section 9(e)(iii)(2) below) LESS the sum of: (A) One Hundred Seventy Thousand and no/100 Dollars (\$170,000) plus (B) One Hundred Seventy Thousand and no/100 Dollars (\$170,000) multiplied by the percentage increase in the CPI (hereinafter defined) during the period commencing on the Construction Completion Date and ending on the date that Chamber delivers the Put Notice to City (determined by comparing the CPI last published prior to the Construction Completion Date to the CPI published at least ten (10) Business Days prior to the date that Chamber delivers the Put Notice to City, such period being referred to hereinafter as the "CPI Period"); or **(II)** the sum of Three Million Two Hundred Sixty-Six Thousand Six Hundred Dollars (\$3,266,600) increased by the percentage increase in the CPI during the CPI Period; provided, however, that in no event shall any such percentage increase in the CPI be less than two percent (2%) multiplied by the number of years (including fractions of years) in the CPI Period, nor greater than five percent (5%) multiplied by the number of years (including fractions of years) in the CPI Period. As used herein, the term "CPI" shall mean United States Department of Labor, Bureau of Labor Statistics' consumer Price Index for All Urban Consumers for the Los Angeles-Anaheim-Riverside statistical area (CPI-U) (1982-84=100). Should the Bureau of Labor Statistic discontinue the publication of the CPI, or publish the same

less frequently or alter the same in some other manner, then the most nearly comparable index or procedure as reasonably selected by City and Chamber shall be substituted therefor.

(2) As used herein, “**Chamber Fair Market Value**” means the “**Fair Market Value**” of the Chamber Interest determined as if the Chamber Interest were a condominium (i.e., with no discount for tenancy-in-common status). “**Fair Market Value**” of the Chamber Interest means the highest price that the Chamber Interest will bring in a competitive open market as a condominium under all conditions requisite to a fair sale with the buyer and seller each acting prudently, knowledgeably and with typical motivation, taking into account all appurtenant rights such as access and parking and all leases and other matters encumbering the Chamber Interest and assuming that: (A) the Chamber Interest is being sold at its highest and best use as allowed by applicable zoning laws, but excluding medical offices; (B) each of the buyer and seller is well informed or well advised and is acting in what it considers to be its own best interest; (C) a reasonable time is allowed for exposure on the open market; and (D) payment is made in cash or its equivalent. The Fair Market Value of the Chamber Interest shall be determined by an appraisal (“**Appraisal**”) conducted by reputable MAI appraisers each licensed by the State of California and with at least ten years experience appraising commercial properties in Los Angeles County, California (each an “**Appraiser**”). No later than ten (10) Business Days following the delivery of either a Put Notice or a notice by Chamber given earlier under Section 9(e)(iii)(3) below (“**Appraisal Notice**”), each of City and Chamber shall select an Appraiser to deliver its appraisal of the Fair Market Value of the Chamber Interest as a condominium, and the following shall apply. Each Appraiser retained by City and Chamber shall conduct an Appraisal in accordance with the parameters set forth in this Section 9(e)(iii)(2) and deliver a copy of its Appraisal to City and Chamber no later than twenty (20) days following its retention by Chamber and/or City. If the two appraisals differ, then the two appraisers shall select a third unaffiliated Appraiser, who shall select the appraisal that is (in the opinion of the third appraiser) closest to the actual Fair Market Value of the Chamber Interest and the appraised value so selected shall be the Fair Market Value of the Chamber Interest. Subject to Section 9(e)(ii), each of City and Chamber shall pay the cost of its Appraiser and should a third Appraiser be necessary, each shall pay one-half (1/2) of the costs of the third Appraiser.

(3) Chamber shall have the right to deliver an Appraisal Notice to City at any time that Chamber determines that it has the right, pursuant to Section 9(e)(i) and (ii) above, to deliver a Put Notice to City, but prior to delivery of a Put Notice, in order to assist Chamber in determining whether or not to deliver a Put Notice, and upon receipt of any such Appraisal Notice, City will cooperate with Chamber in conducting Appraisals under Section 9(e)(iii)(2) above; provided, however, that if Chamber delivers an Appraisal Notice prior to delivering a Put Notice and does not thereafter deliver a Put Notice to City within three (3) months after determination of the Fair Market Value of the Chamber Interest, or the determination is not used under the following sentence to determine the City Purchase Price, then Chamber shall pay the costs of all Appraisers used in determining Fair Market Value of the Chamber Interest. If the determination of the Fair Market Value of the Chamber Interest is not more than six (6) months old as of the date of a subsequent closing under this Section 9, then such Fair Market Value shall be used in determining the City Purchase Price.

10. City Condemnation. If City exercises the power of eminent domain or otherwise prosecutes any condemnation proceeding or other taking against or otherwise with respect to all

or any part of the Chamber Interest, the price City shall pay for such condemnation or other taking shall be equal to the City Purchase Price determined as of the date of valuation under the condemnation proceeding, and the parties stipulate and agree that such price shall be binding on both parties.

11. Mortgage, Pledge, Encumbrance of Interest. Notwithstanding anything in Section 8 to the contrary, each Owner shall have the right to mortgage, pledge or otherwise encumber its Interest in the Property and to permit a lien to attach to the Property as to such Owner's undivided Interest therein, following written notice to but without the consent of the other Owner. In the event any Owner permits a mortgage or deed of trust to be recorded against its interest in the Property pursuant to this Section 11: (a) a breach of any of the terms, conditions, covenants, or restrictions of this Agreement by such party shall not defeat or impair the lien of any such mortgage or deed of trust made in good faith and for value; but all such terms, covenants, conditions and restrictions of this Agreement shall be binding on and effective against any party whose title to its Interest, or any part or portion thereof, is acquired by foreclosure, trustee's sale, deed in lieu of foreclosure, or otherwise, and those claiming under them; and (b) any such mortgage or deed of trust shall provide that, until such time as the mortgage or deed of trust is terminated or reconveyed, the lender shall give the other Owner notice of any default by the borrower thereunder, and an opportunity to cure such default or to pay the secured loan in full, each within no less than sixty (60) days following such notice, prior to the lender taking any action against the secured property as a result of the default.

12. Default.

(a) If either Tenant-in-Common ("**Defaulter**") fails to perform any of its obligations under this Agreement, the other Tenant-in-Common ("**Non-Defaulter**") shall have the right to give the Defaulter a written notice of default setting forth the nature of the default and if the default is not cured within five (5) business days, in the case of a monetary default or thirty (30) days in the case of a non-monetary default (provided that if the non-monetary default cannot be cured within such thirty (30) day period despite all commercially reasonable efforts, then the Defaulter shall not be in default if the Defaulter promptly commences such efforts and thereafter diligently prosecutes the same to completion of the cure), then the parties shall proceed in accordance with Section 4(c), Section 11(b) and/or Section 16(j), as applicable.

(b) If: (i) Chamber fails to timely pay sums due City under this Agreement; (ii) fails to cure the applicable default(s) within the cure period for monetary defaults described in Section 12(a) above; (iii) the total aggregate outstanding amount due City equals or exceeds Eighty Thousand Dollars (\$80,000), as adjusted on the second anniversary of the date of this Agreement and each subsequent anniversary of the date of this Agreement (each, an "**Adjustment Date**") by the annual percentage increase in the CPI, which adjustment shall be determined by comparing the CPI last published prior to the date that is one year prior to the applicable Adjustment Date to the CPI published at least ten (10) business days prior to the applicable Adjustment Date; and (iv) neither Chamber nor City has invoked the dispute resolution procedure under Section 16(j) with respect to such failure to pay or cure, or if a party has invoked the dispute resolution procedure, there has been a final determination that Chamber owes such amounts to City, then the City may deliver an additional written notice to Chamber indicating that if the Chamber does not cure the failure to pay within ten (10) business days after

the additional written notice from City is given, then the City intends to exercise its rights under this Section 12(b). If the failure to pay is not then timely cured within such additional ten (10) business day cure period, and neither Chamber nor City has invoked the dispute resolution procedure under Section 16(j) with respect to such failure to pay or cure, or if a party has invoked the dispute resolution procedure, there has been a final determination that Chamber owes such amounts to City, then City may elect by written notice to Chamber to purchase the Chamber Interest at the City Purchase Price and on the City Purchase Terms, less actual damages incurred by City as a result of Chamber's failure to pay.

13. Damage. In the event of damage or destruction to any portion of the improvements on the Property by fire or other insured casualty, and the cost thereof exceeds all insurance proceeds, Chamber shall contribute a percentage of the deficiency equal to the Chamber Share, City shall contribute the balance of the deficiency, and City shall proceed promptly with restoring and rebuilding the improvements. However, either Tenant-in-Common who has not caused the damage may elect by written notice to the other Tenant-In-Common within thirty (30) days after such damage or destruction not to contribute its foregoing share of restoration costs in excess of insurance proceeds, and the Tenant-in-Common receiving the notice ("**Terminating Tenant-in-Common**") may then elect to terminate the tenancy-in-common with respect to the Property by purchasing the interest of the other Tenant-in-Common ("**Other Tenant-in-Common**") in the Property, as hereinafter provided, by giving the Other Tenant-in-Common written notice stating the cash price at which the Terminating Tenant-in-Common is willing to purchase an undivided one hundred percent (100%) interest in the Property, and obtain all of the insurance proceeds for the damage. Such price shall be the Fair Market Value of the Property (determined in accordance with the definition of Fair Market Value as applied to the Property and the appraisal procedures set forth in Section 9(e)(iii)(2) above) multiplied by the Other Tenant-in-Common's percentage interest in the Property, less both (i) the amount of liens encumbering the Tenant-in-Common's Interest and the interest of such lienholder(s) in the insurance proceeds and (ii) the Tenant-in-Common's share of uninsured restoration costs. Upon receipt of the offer from the Terminating Tenant-in-Common, the Other Tenant-in-Common shall be obligated to sell the Other Tenant-in-Common's Interest in the Property for a cash price equal to the price referred to above and the Owners shall otherwise complete such sale on the City Purchase Terms.

14. Indemnity. Each of City and Chamber shall indemnify, defend (with counsel reasonably satisfactory to the indemnified party) and hold harmless the other from and against any and all claims, demands, damages, losses, liabilities, penalties, costs and expenses, including reasonable attorneys' fees and costs arising out of: (a) the use of the indemnifying party's Area or the Common Areas by any of the directors, officers, employees, agents, lessees or invitees of such indemnifying party; or (b) any failure by the indemnifying party to comply with or perform any of its obligations hereunder or (c) any emergency caused or materially contributed to by Chamber or its tenants, guests or invitees; provided, however, that indemnification hereunder shall not be required where the claim or loss underlying an indemnified party's request for indemnity is insured against by the insurance required to be maintained under this Agreement. The parties' obligations under this Section 14 shall survive any termination of this Agreement for liabilities incurred for or relating to any period prior to such termination.

15. Force Majeure. Each of City and Chamber shall be excused from performing any of its obligations or undertakings required in this Agreement for so long as the performance of such obligation or undertaking is prevented, delayed or otherwise hindered by circumstance beyond the control of such party and not otherwise due to such party's negligent or willful acts or omissions, including, without limitation, fire, earthquake, floods and other acts of the elements, explosion, war, riot, failure of transportation, strike, condemnation or court order, but not including causes arising from such party's financial circumstances. Without limiting the foregoing, the date in Section 1(a) by which the City is to commence or complete the construction of the Required Improvements, as applicable, shall be delayed by the length of any force majeure delay hereunder and by any delays in commencement or completion, as applicable, resulting from a dispute with Chamber over changes to the Plans or the Chamber Specifications.

16. General Provisions.

(a) Governing Law. This Agreement and the obligations of the Owners hereunder shall be interpreted, construed and enforced in accordance with the laws of California.

(b) Entire Agreement. This Agreement contains the entire agreement between the Owners relative to the Property. No modifications or changes herein or hereof shall be binding upon any party unless set forth in a document duly executed by, or on behalf of, such party.

(c) Waiver. No consent or waiver, express or implied, by any party to or of any breach or default by any other party in performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such other party hereunder. Failure on the part of any party to complain of any act or failure to act of any other party or to declare any other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

(d) Successors and Assigns. Subject to the restrictions on transfers and encumbrances set forth herein, this Agreement shall inure to the benefit of and be binding upon the undersigned Owners and their respective successors and permitted assigns. Whenever, in this Agreement, a reference is made to an Owner or Tenant-in-Common, such reference shall be deemed to be a reference either to such Owner or Tenant-in-Common or to the heirs, executors, legal representatives, successors and permitted assigns of such Owner or Tenant-in-Common.

(e) Notices. All notices, requests, demands and other communication given or required to be given hereunder shall be in writing and personally delivered, sent by first class certified mail, postage prepaid, return receipt requested, or sent by a nationally recognized courier service such as Federal Express, addressed to the parties as follows:

To City:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: Director of Administrative Services/CFO

To Chamber: Beverly Hills Chamber of Commerce and
Civic Association
239 South Beverly Drive
Beverly Hills, California
Attention: Chief Executive Officer

Delivery of any notice or other communication hereunder shall be deemed made on the date of actual delivery thereof to the address of the addressee, if personally delivered, and on the date indicated in the return receipt or courier's records as the date of delivery or as the date of first attempted delivery, if sent by certified mail or courier service. Any party may change its address for purposes of this Section 17(e) by giving notice to the other party as herein provided.

(f) Counterparts. This Agreement may be executed by facsimile and in one or more counterparts, all of which taken together shall be deemed to be one original.

(g) Time of Essence. Time is of the essence of each and every provision of this Agreement.

(h) No Partnership or Agency. Neither this Agreement nor the operation of the Property shall cause the Owners to be partners or joint venturers, and no Owner shall have the authority to bind, or shall otherwise be, an agent for any other Owner.

(i) City Actions. Neither the City's execution of this Agreement nor any consent or approval given by City hereunder in its capacity as an Owner shall waive, abridge, impair or otherwise affect the City's rights and powers as a governmental entity.

(j) Dispute Resolution.

(i) Meet and Confer; Mediation. In the event of a dispute between the Owners regarding their respective rights and obligations under this Agreement or otherwise in connection with the tenancy in common by which the Owners hold fee title to the Property ("**Dispute**"), including without limitation any claim by either Owner that the other has breached its obligations under this Agreement, either Owner may invoke this Dispute resolution procedure by delivering a written request therefore to the other Owner ("**Dispute Notice**") No later than ten (10) Business Days following delivery of a Dispute Notice, the Owners shall meet to discuss and attempt in good faith to resolve the Dispute. If the Dispute is not resolved within such ten (10) Business Day period, the Owners shall attempt in good faith to resolve the matter through a mediation proceeding, under the mediation procedure of one of the following, as the Owners shall mutually select: the CPR Institute for Dispute Resolution ("CPR"), JAMS/Endispute, the American Arbitration Association ("AAA"), or as otherwise agreed by the Owners. Unless the Owners otherwise agree in writing, a single mediator shall conduct the mediation, and the mediator shall be selected from an appropriate CPR, JAMS/Endispute, AAA or other panel which the Owners shall mutually select. If the Owners cannot agree to the mediation procedure or the mediator, either Owner may bring an action in any court of competent jurisdiction to request the appointment of a mediator from one of the foregoing named organizations. Each Owner shall pay an equal share of the fees and expenses of the mediator and the administrative

fees and expenses of the mediation, but shall pay its own attorneys' fees and costs incurred in connection with the mediation and any legal proceeding pursuant to subpart (b) below. The mediation shall not be binding upon the Owners; however, neither Owner may commence a legal proceeding with respect to the matters submitted to mediation until after the completion of the initial mediation session, or thirty (30) days after the date of delivery of the written request for mediation, whichever occurs first. Mediation may continue after the commencement of a legal proceeding, if the Owners so desire.

(ii) Legal Proceeding. In the event the Dispute is not resolved at the end of the initial mediation session, or at the end of such further mediation sessions to which the Owners may agree, each Owner shall have the right to pursue all remedies available to it under this Agreement and at law or in equity (except to the extent waived or restricted by the terms of this Agreement), including without limitation bringing an action in any court of competent jurisdiction over the subject matter of the Dispute.

(iii) Consent. The Owners agree that the provisions contained herein have been fairly negotiated on an arms-length basis, with both Owners agreeing to the same knowingly and being afforded the opportunity to have their respective legal counsel consent to the matters contained herein.

17. Recordation. A Memorandum of this Agreement and Purchase Rights, in the form attached hereto as Exhibit "G" shall be recorded in the Official Records of Los Angeles County.

18. Interest; Late Charges. If any payment to be made by one party to the other is not paid when due, it shall bear interest at the lesser of: (i) ten percent (10%) per annum, or (ii) the highest rate permitted by law. If any payment to be made by one party to the other is not paid within ten (10) business days after written notice that it is past due, the party that failed to make the payment shall pay to the other party four percent (4%) of the amount due (excluding interest) as a late charge. Each party acknowledges, stipulates and agrees that such late payment of any sums due will cause the other party to incur costs not contemplated by this Agreement, the exact amount of such costs being extremely difficult and impracticable to determine. Such costs include, without limitation, processing and accounting charges, and cash-flow/budgeting costs, as well as other material adverse effects and damages. Therefore, the parties have agreed upon the late charge described above as liquidated damages for such costs and effects and damages.

IN WITNESS WHEREOF, this Agreement is executed effective as of the date first set forth above.

CITY:

CITY OF BEVERLY HILLS,
a municipal corporation

By:

JIMMY DELSHAD
Mayor of the City of
Beverly Hills, California

ATTEST:

(SEAL)

BYRON POPE,
City Clerk

CHAMBER:

BEVERLY HILLS CHAMBER OF
COMMERCE AND CIVIC
ASSOCIATION,
a California nonprofit corporation

Approved as to content:

JEFFREY KOLIN,
City Manager

By:

Daniel C. Walsh,
President & CEO

SCOTT MILLER,
Director of Administrative Services/CFO

Approved as to form:

LAURENCE WIENER,
City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

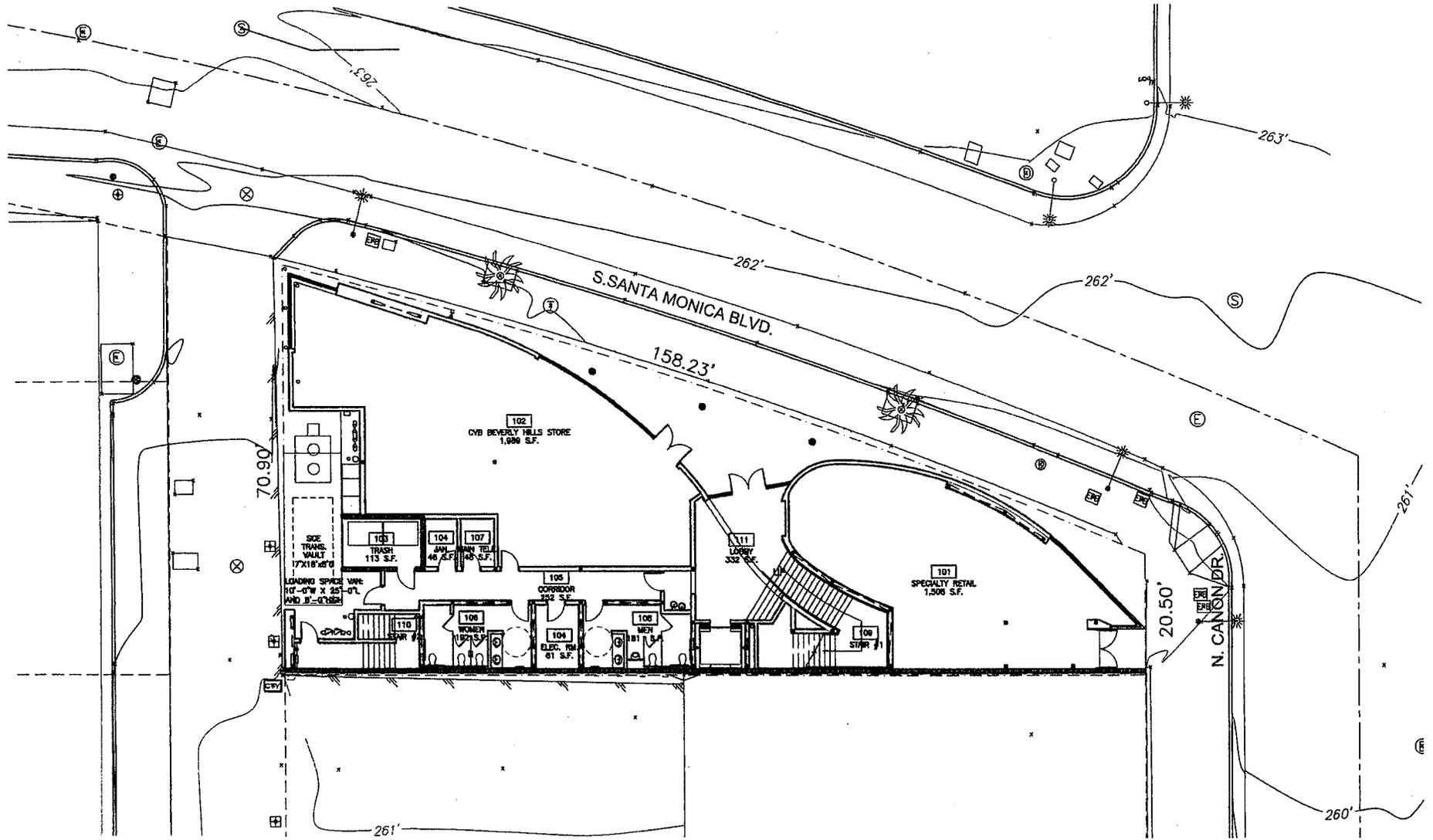
Lot 13, of Tract No. 7710, in the City of Beverly Hills, County of Los Angeles, State of California, as per map recorded in Book 83, Page(s) 94 and 95 of Maps, in the Office of the County Recorder of said County.

EXHIBIT "B"

**DESCRIPTION AND DEPICTION OF PORTION OF IMPROVEMENTS
TO BE OCCUPIED BY CITY**

The portions of the Required Improvements that are to be occupied by City (i.e., City Area) are on the first and third floors and the roof, and are depicted on the attached drawings.

EXHIBIT B



JEFFREY M. KALBAN & ASSOCIATES
ARCHITECTURE, INC.

10585 Santa Monica Blvd., Suite 150 Los Angeles, CA 90025
Phone: (310) 441-9313 Fax: (310) 441-9043

ARCHITECTURAL COMMISSION
SITE PLAN

PROJECT: 9400 SANTA MONICA OFFICE BUILDING

□ CITY AREA

□ COMMON AREA

DATE April 7th, 2010

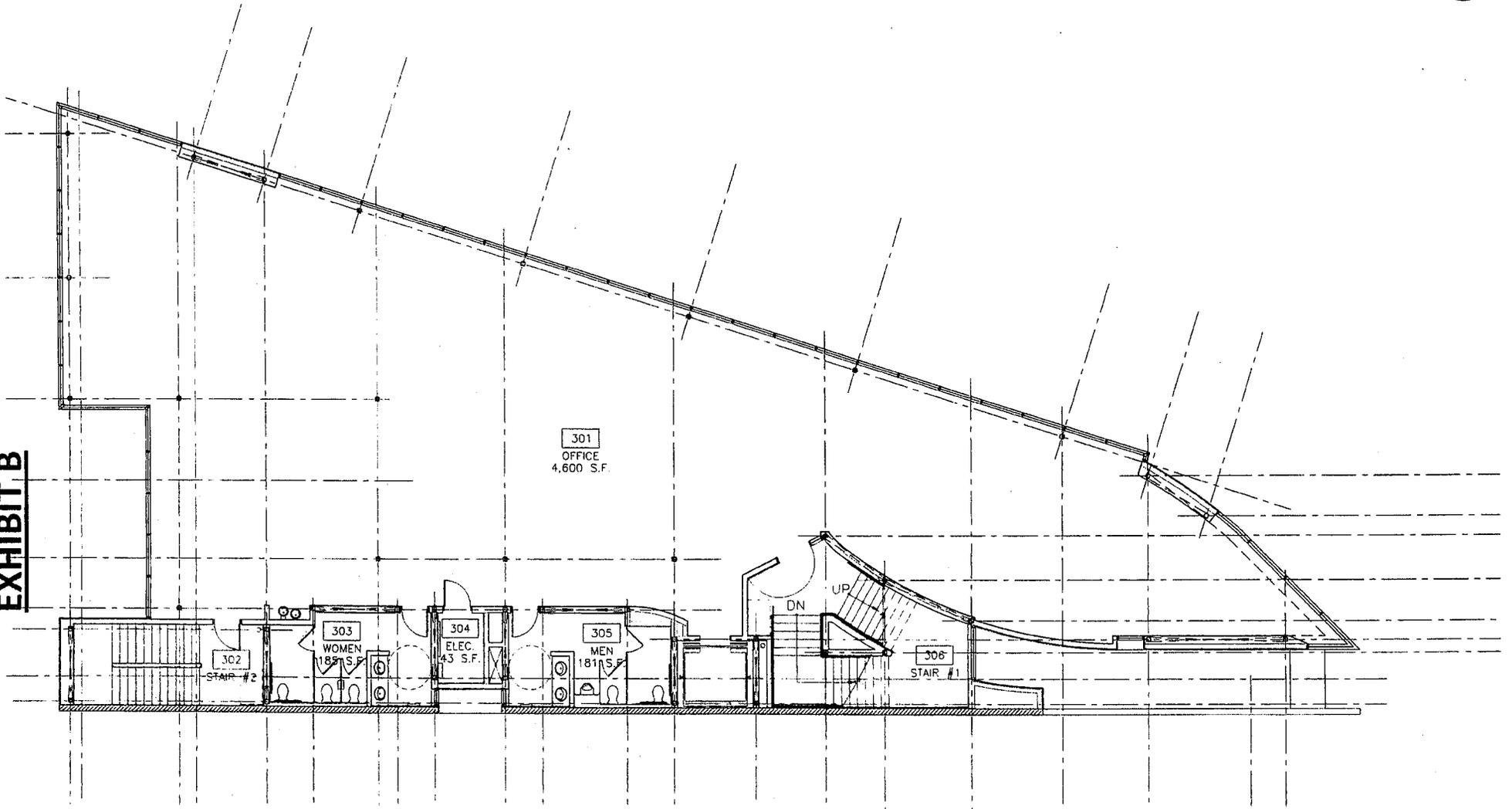
PROJECT NO.

DRAWING NO.
A-0

SCALE 1/16" = 1'-0"



EXHIBIT B



JEFFREY M. KALBAN & ASSOCIATES
ARCHITECTURE, INC.

10545 Santa Monica Blvd., Suite 180 Los Angeles, CA 90025
Phone: (310) 441-9313 Fax: (310) 441-9043

DRAWING TITLE

ARCHITECTURAL COMMISSION
THIRD FLOOR PLAN

PROJECT

9400 SANTA MONICA OFFICE BUILDING CITY AREA COMMON AREA

DATE

April 7th, 2010

PROJECT NO.

DRAWING NO.

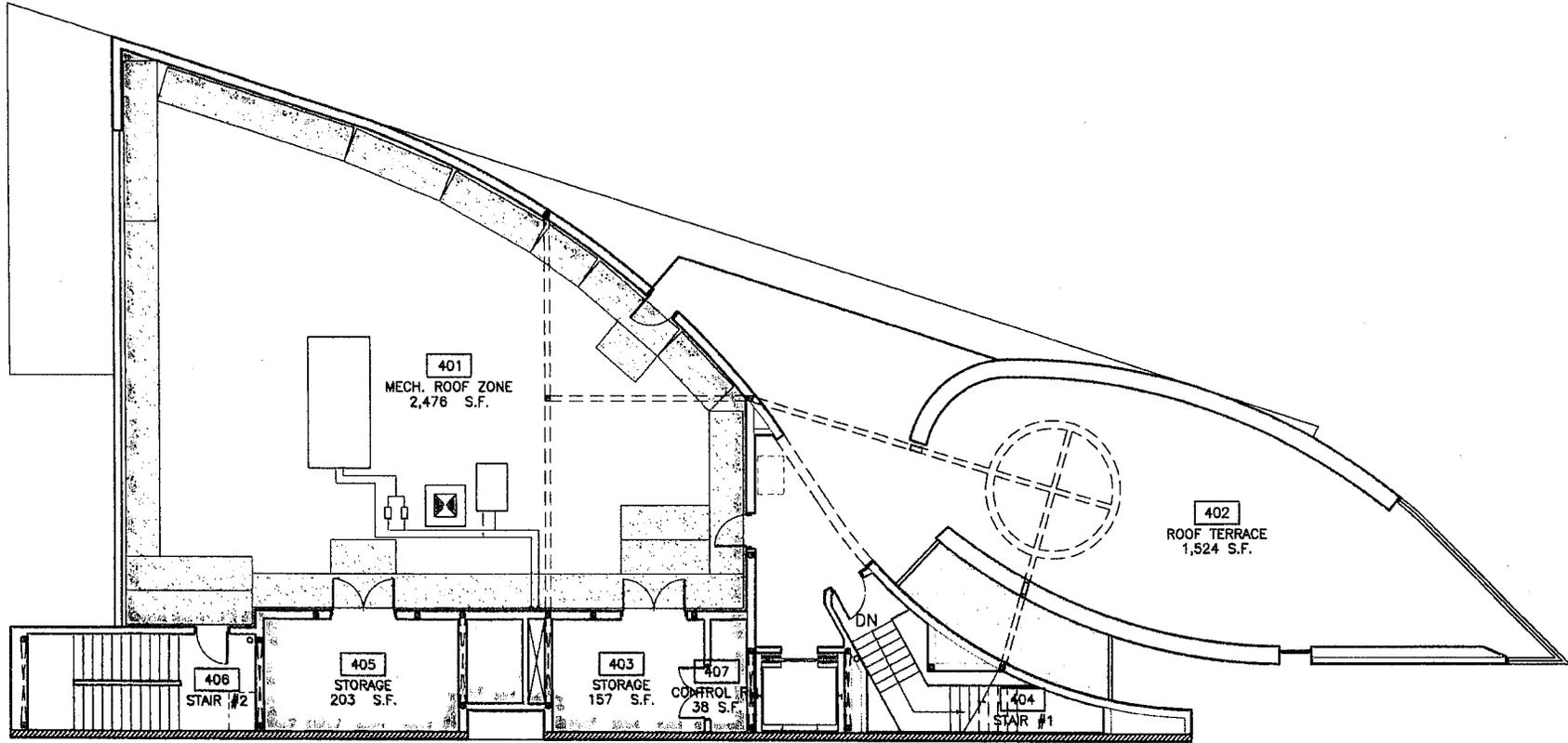
A-3

SCALE

3/32" = 1'-0"



EXHIBIT B



JEFFREY M. KALBAN & ASSOCIATES
ARCHITECTURE, INC.

10585 Santa Monica Blvd., Suite 100 Los Angeles, CA 90025
Phone: (310) 441-9313 Fax: (310) 441-9043

ARCHITECTURAL COMMISSION
ROOF TERRACE FLOOR PLAN

PROJECT: 9400 SANTA MONICA OFFICE BUILDING

CITY AREA COMMON AREA

DATE: April 7th, 2010

PROJECT NO:

DRAWING NO:

A-4

SCALE: 3/32" = 1'-0"

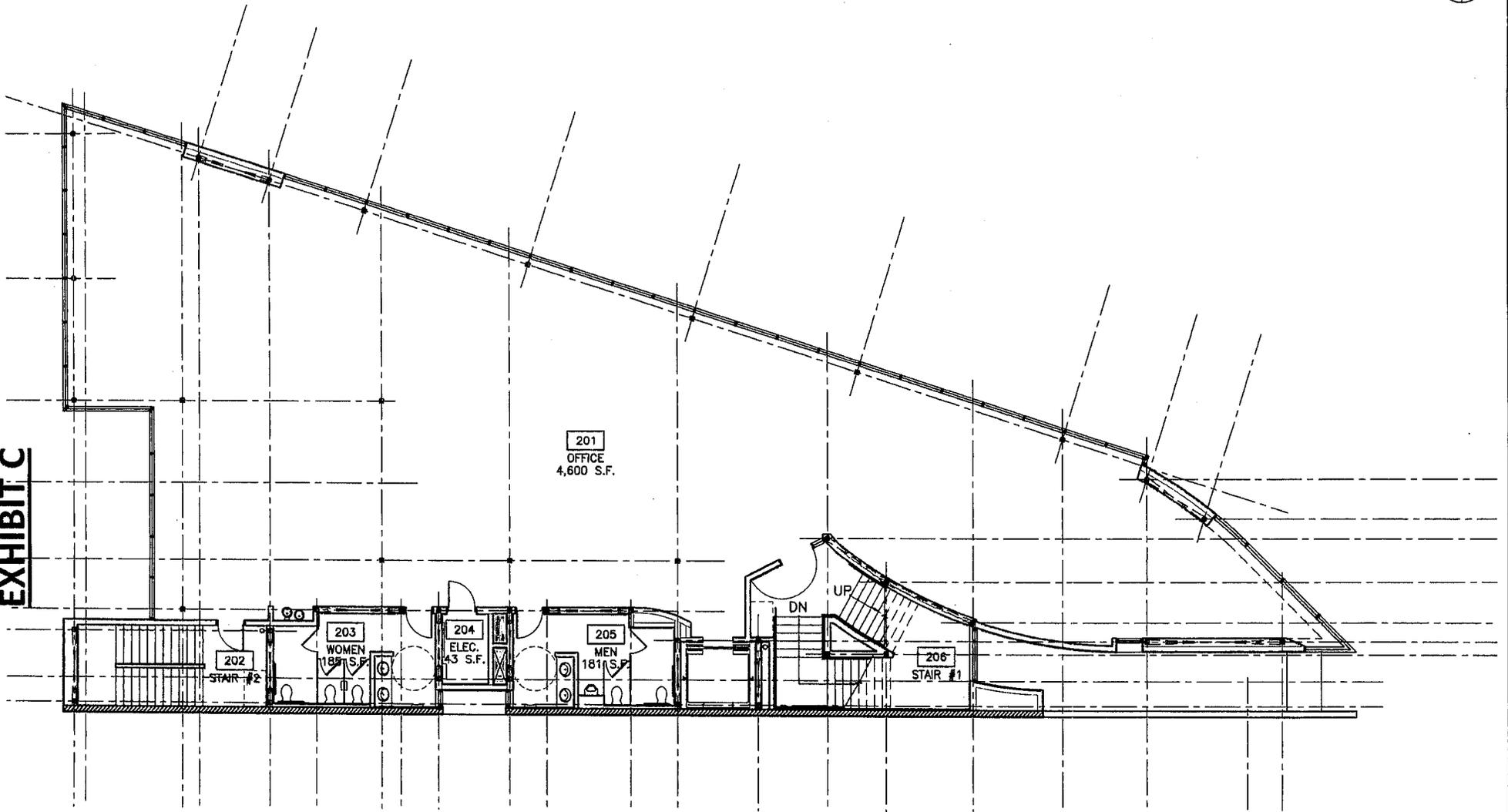
EXHIBIT "C"

**DESCRIPTION AND DEPICTION OF PORTION OF IMPROVEMENTS
TO BE OCCUPIED BY CHAMBER**

The portion of the Required Improvements that is to be occupied by Chamber (i.e., the Chamber Area) is the entire second floor of the Building, including lobby areas, but not including elevators and stairways (which are Common Areas) and is depicted on the attached drawing.



EXHIBIT C



**JEFFREY M. KALBAN & ASSOCIATES
ARCHITECTURE, INC.**

10595 Santa Monica Blvd., Suite 150 Los Angeles, CA 90025
Phone: (310) 441-9313 Fax: (310) 441-0043

DRAWING TITLE:
**ARCHITECTURAL COMMISSION
SECOND FLOOR PLAN**

PROJECT:
9400 SANTA MONICA OFFICE BUILDING

CHAMBER AREA

COMMON AREA

CITY AREA

DATE: **April 7th, 2010**

PROJECT NO.:

DRAWING NO.:

A-2

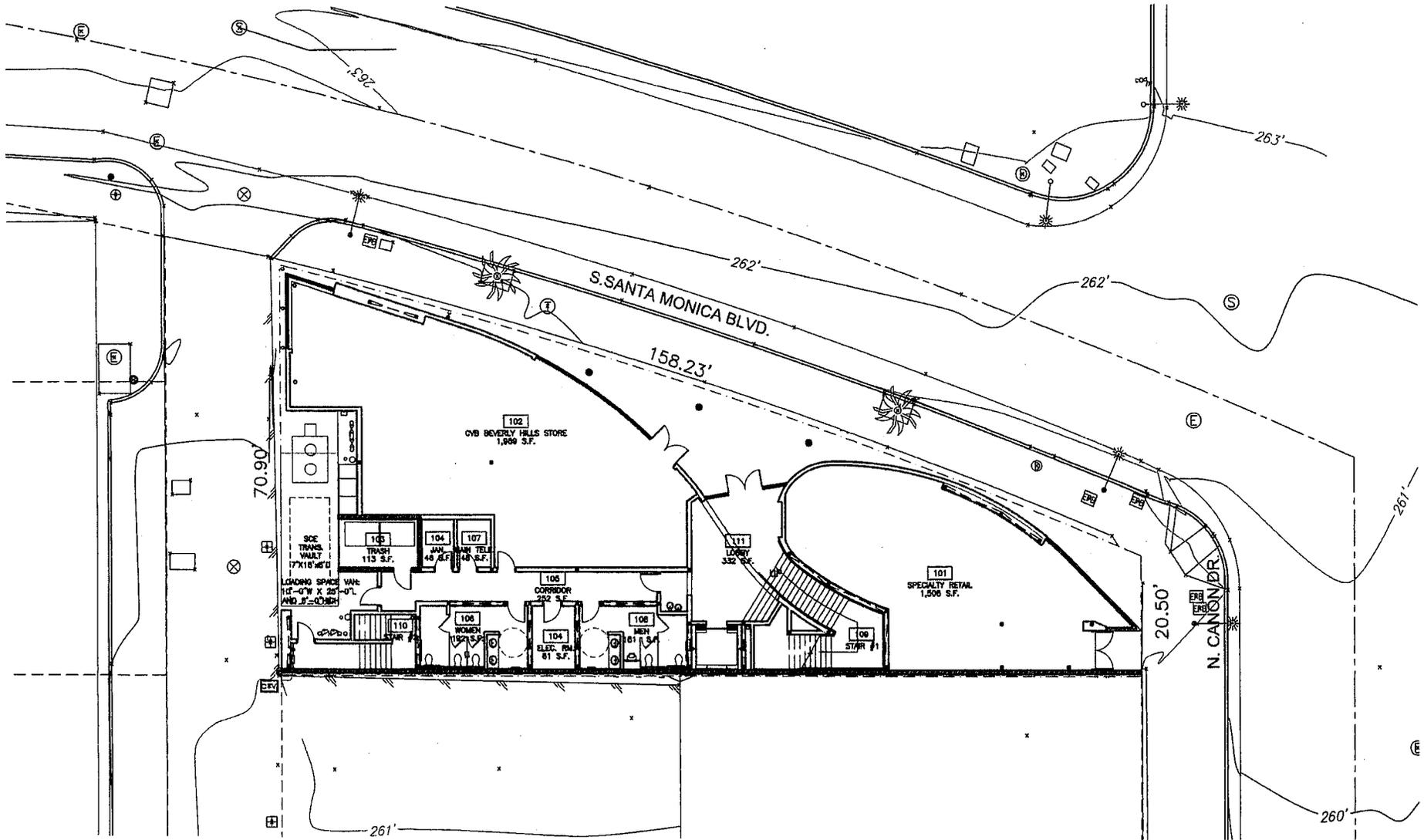
SCALE: **3/32" = 1'-0"**

EXHIBIT "D"

DESCRIPTION AND DEPICTION OF COMMON AREA

The Common Areas include the portions of the Required Improvements that are depicted on the attached drawings, and include: (1) all exterior walls, interior bearing walls and structural elements of the Building; (2) the portions of the roof depicted on the attached drawing and the roof membrane, but not the occupiable portion of the roof, which is part of the City Area; (3) gutters, downspouts and all other drainage improvements for the Building; (4) the Building access system; (5) all utility and other systems serving the Building (except any such systems located entirely within an Owner Area), including without limitation, electrical, plumbing HVAC, fire alarm and/or smoke detection and sprinkler systems, and gas and telecommunications lines installed by Landlord in the walls, floors or roof of the Building; and (6) all improvements outside the Building, including without limitation, sidewalks, driveways, fences, gates and fire hydrants.

EXHIBIT D

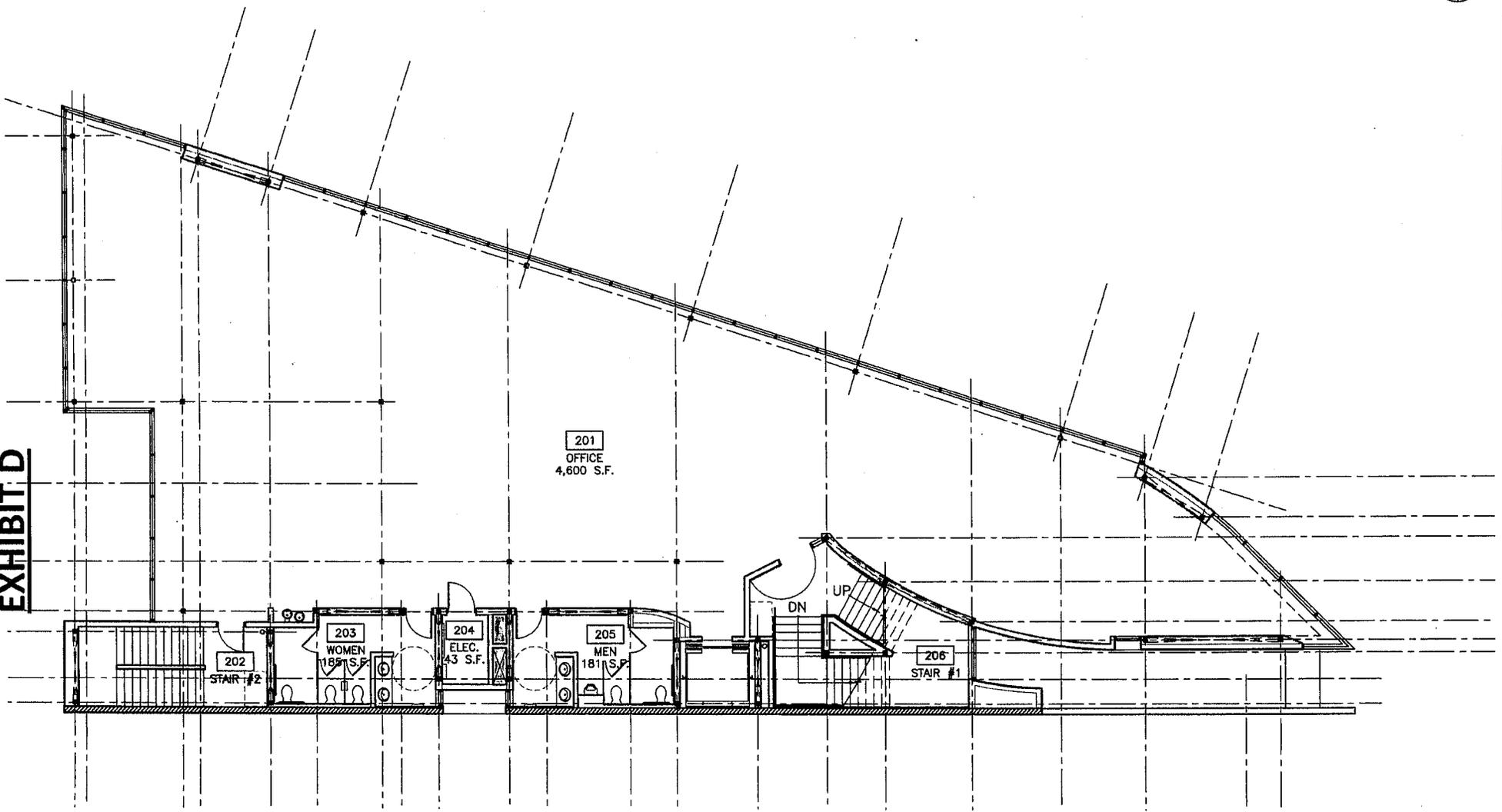


<p>JEFFREY M. KALBAN & ASSOCIATES ARCHITECTURE, INC. 10585 Santa Monica Blvd., Suite 160 Los Angeles, CA 90025 Phone: (310) 441-9313 Fax: (310) 441-9043</p>	<p>DRAWING TITLE: ARCHITECTURAL COMMISSION SITE PLAN</p> <p>PROJECT: 9400 SANTA MONICA OFFICE BUILDING</p>	<p>DEVELOPER: A-0</p> <p>DATE: April 7th, 2010</p> <p>PROJECT NO.:</p> <p>SCALE: 1/16" = 1'-0"</p>
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CITY AREA
 COMMON AREA



EXHIBIT D



JEFFREY M. KALBAN & ASSOCIATES
ARCHITECTURE, INC.

10585 Santa Monica Blvd., Suite 100 Los Angeles, CA 90025
Phone: (310) 441-9313 Fax: (310) 441-0943

ARCHITECTURAL COMMISSION
SECOND FLOOR PLAN

PROJECT: 9400 SANTA MONICA OFFICE BUILDING

CHAMBER AREA

COMMON AREA

CITY AREA

DATE: April 7th, 2010

PROJECT NO.

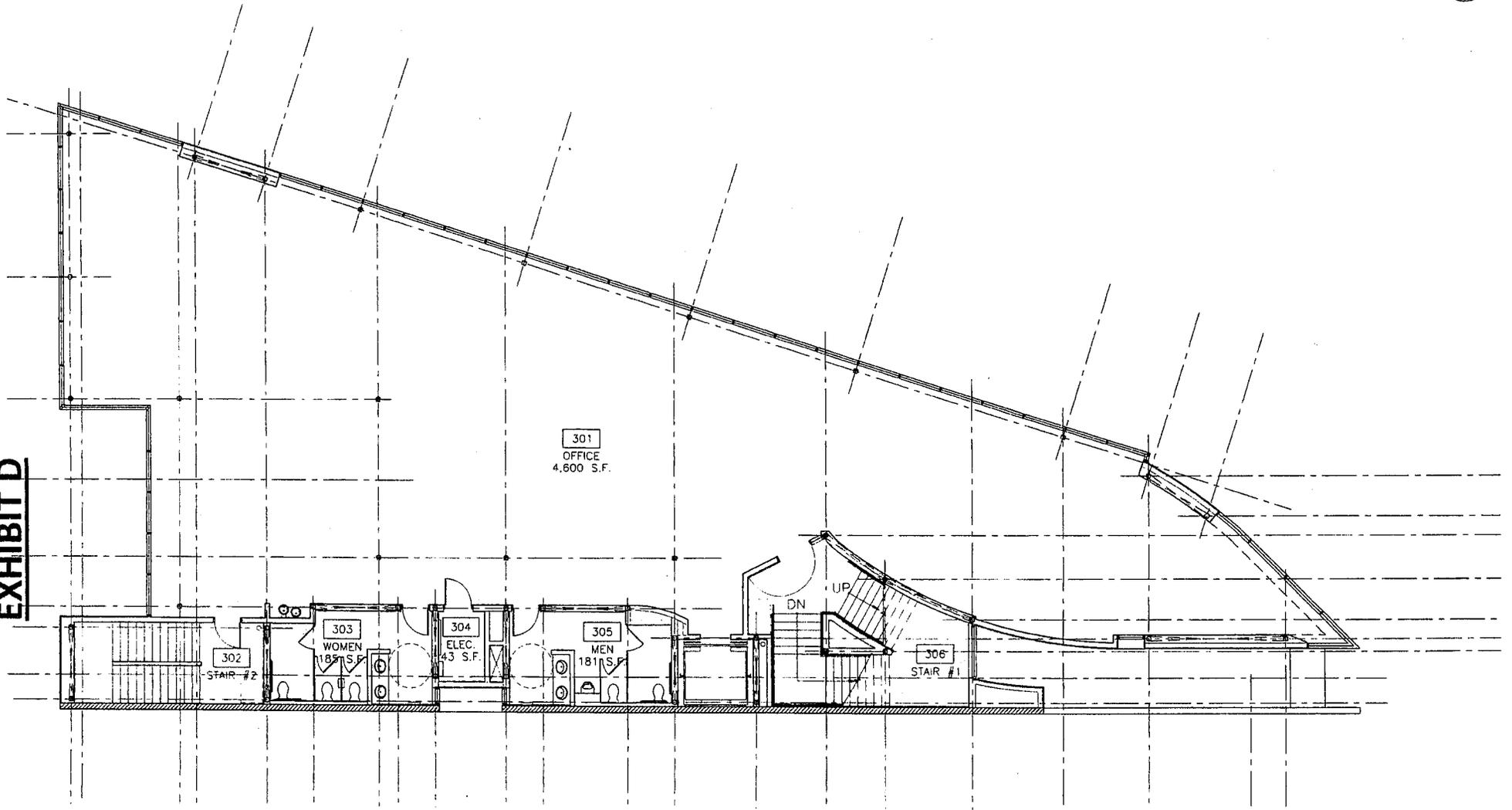
DRAWING NO.

A-2

SCALE: 3/32" = 1'-0"



EXHIBIT D



JEFFREY M. KALBAN & ASSOCIATES
ARCHITECTURE, INC.

10595 Santa Monica Blvd., Suite 100 Los Angeles, CA 90025
Phone: (310) 441-9313 Fax: (310) 441-9043

DRAWING TITLE:

ARCHITECTURAL COMMISSION
THIRD FLOOR PLAN

PROJECT:

9400 SANTA MONICA OFFICE BUILDING CITY AREA COMMON AREA

DATE:

April 7th, 2010

PROJECT NO.:

DRAWING NO.:

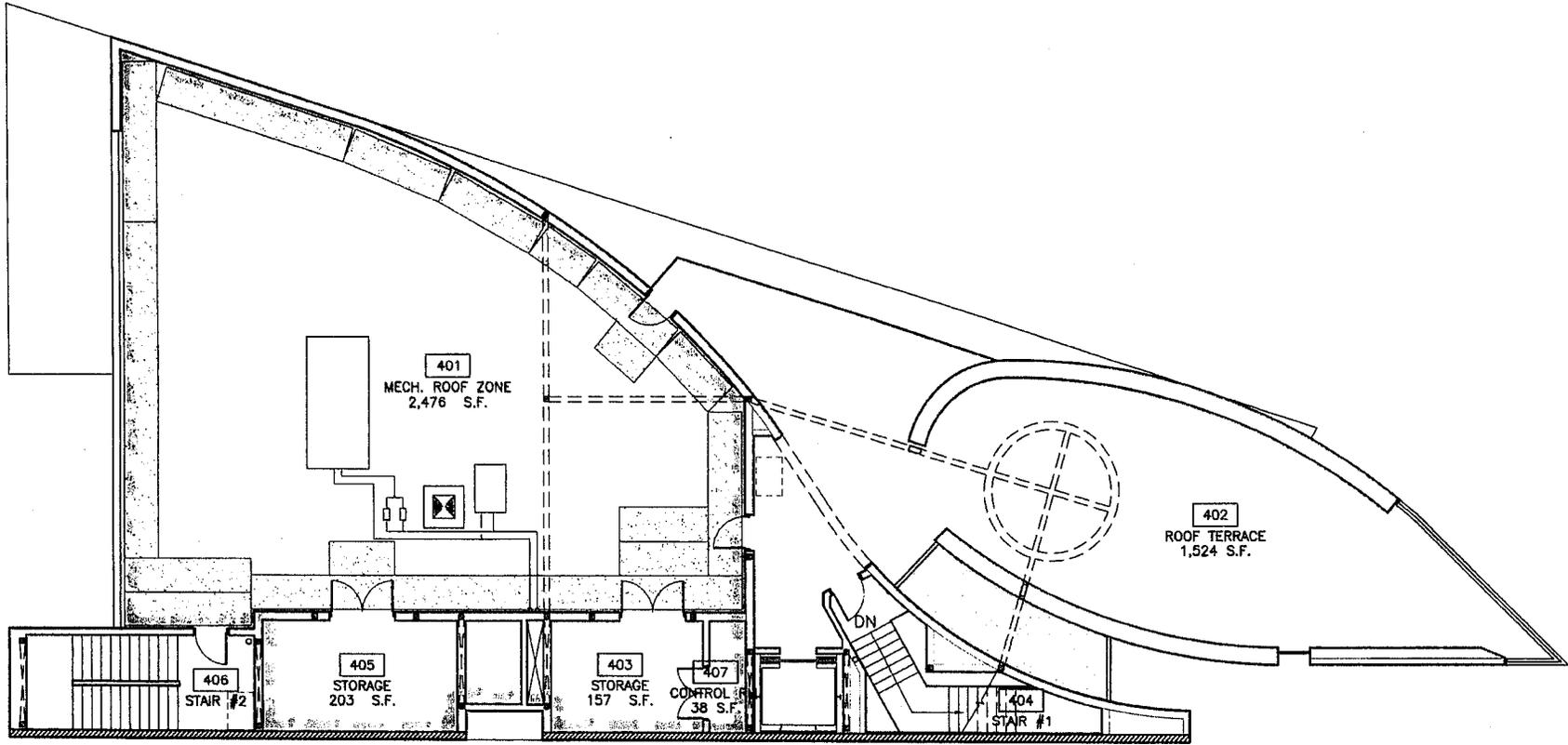
A-3

SCALE:

3/32" = 1'-0"



EXHIBIT D



JEFFREY M. KALBAN & ASSOCIATES
ARCHITECTURE, INC.

10585 Santa Monica Blvd., Suite 100 Los Angeles, CA 90025
Phone: (310) 441-9313 Fax: (310) 441-9043

ARCHITECTURAL COMMISSION
ROOF TERRACE FLOOR PLAN

PROJECT: 9400 SANTA MONICA OFFICE BUILDING

CITY AREA COMMON AREA

DRAWING NO.

A-4

DATE April 7th, 2010

PROJECT NO.

SCALE 3/32" = 1'-0"

EXHIBIT "E"

RESERVED SPACES

Exhibit E

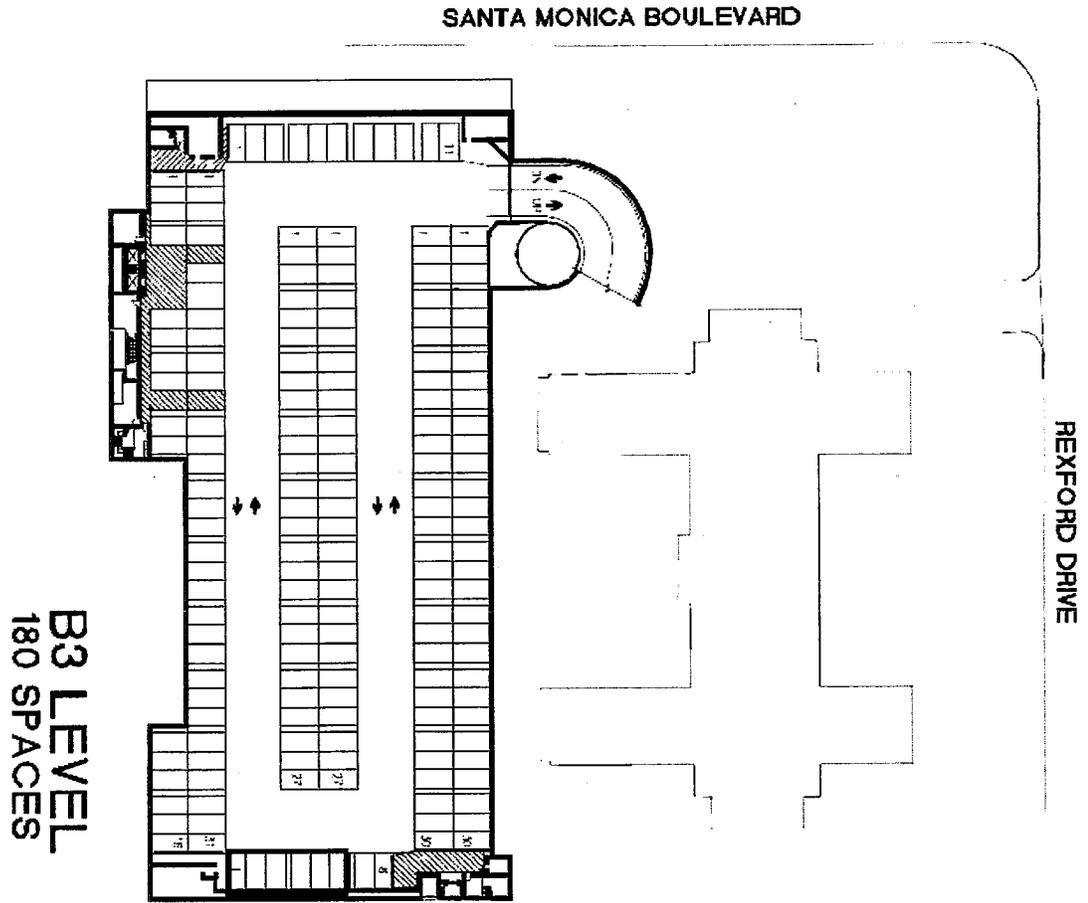


EXHIBIT "F"

SIGNS

To the extent allowed by all local ordinances and other laws, Chamber and each lessee of Chamber in the Chamber Area (a "**Chamber Lessee**") shall have the following signage rights:

1. Chamber and each Chamber Lessee shall have the right to have its name and any logos or other marks associated with its name displayed on a directory located on the first floor of the Building, and Chamber (but not any Chamber Lessee) shall have the right to have its name and any logos or other markings associated with its name on all doors entering the Building on the first floor. City shall design the Building directory, subject to Chamber's reasonable approval, and City shall install and maintain the Building directory, and include the costs therefore in Operating Expenses. Chamber (but not any Chamber Lessees) shall have the right to design and install the display of its name and associated logos and marks on the main Building entry doors, and shall pay all costs therefore.
2. Chamber and each Chamber Lessee shall have the right to have its name and any logos or other marks associated with its name displayed on all outside doors to the Chamber Area. Chamber and each Chamber Lessee shall design and install the display of its name and associated logos and marks on all such doors, and shall pay all costs therefore.
3. Neither Chamber nor any Chamber Lessee shall have any right to have its name or any logos or other marks associated with its name displayed on the exterior of the Building other than as expressly permitted above, nor any right to "name" the Building.

EXHIBIT "G"

MEMORANDUM OF AGREEMENT AND PURCHASE RIGHTS

(Attached.)

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Clerk

with a copy to:

Beverly Hills Chamber of Commerce
and Civic Association
239 South Beverly Drive
Beverly Hills, California
Attn: Don Walsh

[Space Above For Recorder's Use Only]

The undersigned declare that this Memorandum of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383.

MEMORANDUM OF AGREEMENT AND PURCHASE RIGHTS

THIS MEMORANDUM OF AGREEMENT AND PURCHASE RIGHTS (this "**Memorandum**") is dated as of _____, 20__, and is entered into by and between the CITY OF BEVERLY HILLS, a municipal corporation ("City"), and the BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION, a California nonprofit corporation ("Chamber").

RECITALS

A. Chamber and City have entered into that certain Agreement Between the City of Beverly Hills and the Beverly Hills Chamber of Commerce and Civic Association for Tenancy In Common at 9400 Santa Monica Boulevard (the "**Agreement**"), pursuant to which City and Chamber have set forth their respective rights and obligations with respect to their tenancy-in-common interests in the land and improvements now or hereafter located thereon in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 9400 Santa Monica Boulevard, Beverly Hills, California which is more particularly described in the Agreement.

B. Chamber and City now desire to enter into and record this Memorandum to ensure that the rights and obligations of the Agreement bind successors-in-interest to the City's and Chamber's tenancy-in-common interests (except as may be expressly set forth in the Agreement).

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Tenant and City agree as follows:

1. Term of Agreement. The Agreement commences on _____, 20__, and shall remain in effect in perpetuity, unless terminated pursuant to the terms of the Agreement, or by a person or entity which has acquired all tenancy-in-common interests in the Property.
2. Purchase Rights. In addition to setting forth the parties' rights and obligations with respect to their tenancy in common in the Property, the Agreement gives each party certain rights and obligations with respect to purchasing the other party's tenancy in common interest.
3. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Agreement. In the event any provision of this Memorandum is inconsistent with any term or condition of the Agreement, the term or condition of the Agreement shall prevail.
4. Counterparts. This Memorandum may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum as of the date first written above.

CITY:

THE CITY OF BEVERLY HILLS

By:

Jimmy Delshad
Mayor

CHAMBER:

BEVERLY HILLS CHAMBER OF
COMMERCE AND CIVIC ASSOCIATION,
a California nonprofit corporation

By:

Daniel C. Walsh,
President & CEO

ATTEST:

_____ (SEAL)

By: _____

Byron Pope
City Clerk

ACKNOWLEDGMENT

State of California)
County of)

On before me,

(insert name and title of the officer)

personally appeared

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Signature of Notary Public

(Seal)

ACKNOWLEDGMENT

State of California)
County of)

On before me,

(insert name and title of the officer)

personally appeared

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Signature of Notary Public

(Seal)

ACKNOWLEDGMENT

State of California)
County of)

On before me,

(insert name and title of the officer)

personally appeared

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Signature of Notary Public

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

Lot 13, of Tract No. 7710, in the City of Beverly Hills, County of Los Angeles, State of California, as per map recorded in Book 83, Page(s) 94 and 95 of Maps, in the Office of the County Recorder of said County.

EXHIBIT "H"

TENANT CORE AND SHELL UTILITIES AND FINISHES

(Attached)

**9400 SANTA MONICA BOULEVARD OFFICE BUILDING
TENANT SHELL AND CORE UTILITIES & FINISHES**

TENANTS ON SECOND AND THIRD FLOORS

1. The HVAC system is based upon the following office assumptions:
 - The lighting allowance is 1.2 watts/sf.
 - The occupancy is 1 person/100sf.
 - The power assumption is 1.5 watts/sf.
 - Up to (3) 5-Ton water source heat pumps are allowed in each level. No extra capacity is allowed unless with proper justification. Split systems are not allowed as the building has after hour condenser water system.
2. There is a central condenser water system located on the roof that will serve the future tenant's water source heat pump units. Air distribution for the tenant spaces will be provided for each space under the future TI scope by the respective tenants. In addition, there is a central fresh air supply and exhaust system, including roof top supply, exhaust fans and distribution branch ducts to each floor to allow hook up of tenant's heat pumps..
3. The HVAC condenser water system can be lowered to 30% of the capacity so that after hours use is available. Typical building hours of operation are 8am to 6pm. Outside of these hours tenant shall make specific arrangements for the provision of air conditioning at tenants cost.
4. The electrical system is based upon the following office assumptions:
 - The lighting allowance is 1.0 VA/sf.
 - The pc power is 2.5 VA/sf.
 - Convenience power is 1.0 VA/sf.
 - Electrical power is provided to an electrical room sub-panel on each floor. Tenant to provide power distribution to the tenancy. Tenant spaces will be individually metered and each tenant will have a SCE meter located at the ground floor loading area.
5. The exterior perimeter is "Low E" vision glass from 36 inches above the floor to a height of 11 feet. The lower glass panels are translucent frosted glass. The northeast corner glazing is floor to ceiling "Low E" vision glass.
6. Corridor and demising walls are steel studs and drywall, and insulated.
7. Principal demising door is a single door from stair shaft. Other doors that may be required for exiting or convenience shall be by tenant and shall meet the tenant design and construction guidelines. (see page 4)
8. Height from the floor to the underside of the floor above, excluding beams and utilities are 13'-7" at 2nd floor and 13'-1" at 3rd floor.
9. The space heating system will be provided via the future TI water source heat pumps. Domestic hot water is provided by the shell bldg, and the water heater, with 150,000 BTU/Hr input capacity, to serve the entire building, is located on the roof. Piping for both domestic hot water and space heating system runs down from the roof and is stubbed out at each floor for tenant continuation.
10. Common toilets are provided on each floor near the elevators.
11. The building is required to be sprinklered. Distribution from sprinkler mains is by tenant.
12. All tenant improvements shall be performed in accordance the "Tenant Design and Construction Guidelines" (see page 4)

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13. All tenant construction plans require Owner's approval.

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TENANTS ON FIRST FLOOR (OTHER THAN THE RESTAURANT)

1. Concrete floor
2. The HVAC system is based upon the following assumptions:
 - The lighting allowance is 1.0 watts/sf.
 - The occupancy assumption is 1 person/30sf (typical for retail)
 - Ventilation provisions shall be based on 2008 CA T-24
 - The power assumption is 3.5 watts/sf.
 - Up to (1) 5-Ton water source heat pump is allowed in this space. No extra capacity is allowed unless with proper justification. Split systems are not allowed as the building has after hour condenser water system.
 - The cooling tower is located on the roof with piping down a mechanical shaft stubbed and stubbed to an area in the ceiling near restrooms for connection of water source heat pumps provided by tenants.
 - The HVAC system (cooling tower) allows water source heat pumps to be added by tenant as needed to meet their requirements.
3. The HVAC condenser water system can be lowered to 30% of capacity so that after hours use is available. Typical building hours of operation are 8am to 6pm. Outside of these hours tenant shall make specific arrangements for the provision of air conditioning at tenants cost.
4. The electrical system is based upon
 - The lighting allowance is 1.6 VA/sf.
 - The power assumption is 2.0 VA/sf.
5. Electrical power is from a panel in the electrical room. Tenant to provide power distribution to the tenancy.
6. The exterior perimeter is generally building "Low E" vision glass and mullion storefront to a height of 10 feet. The northeast corner glazing is floor to ceiling "Low E" vision glass.
7. Demising walls are steel studs and drywall, and insulated. Note: If doors to Ground Floor building lobby are considered for First Floor tenant improvements, the openings will be rated accordingly for a 2-hour rated wall condition.
8. Principal demising doors are double doors. Other doors that may be required for exiting and convenience shall be by tenant and shall meet the tenant design and construction guidelines. (see page 4)
9. Height from floor to underside of floor above, excluding beams and utilities approximately 16'-7".
10. Common toilets are provided near the lobby.
11. There is an emergency power system to provide emergency lighting.
12. The building is required to be sprinklered. Secondary distribution from sprinkler mains is by tenant.
13. All tenant improvements shall be performed in accordance with the "Tenant Design and Construction Guidelines" (see page 4)

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PARKING

Parking will be available off site at an adjacent City garage.

TENANT DESIGN & CONSTRUCTION GUIDELINES

This development has been design and built to meet the standards set forth in the City Green Building Ordinance conforming to LEED 2009-CS (Core & Shell) Certified. As part of our sustainability commitment, we have recognized that energy conservation, sensitive site development, use of recycled materials and implementing new sources of energy efficiency are the responsibility of our developments and aim to provide the highest quality office environment.

The following guidelines **require** tenant compliance and have been developed to comply with the City of Beverly Hills Green Building Ordinance and to continue our efforts to provide an environmentally sensitive development with the health of the tenant and the environment at the center of our mission. Tenant design shall conform to LEED 2009 Certified (minimum) and interface with core and shell systems criteria and LEED documentation. Designs shall be reviewed and approved by the Core and Shell design team.

In the case that LEED-CI Certification would be pursued for the tenant spaces, **Additional Recommend Measures** should be followed, as some of the measures listed in this section are required by the United States Green Building Council (USGBC) in order to be eligible for any level of LEED Certification.

For additional information regarding program details for the City of Beverly Hills Green Building Program see the City of Beverly Hills Ordinance No. 08-02-2555 at http://www.beverlyhills.org/services/building/green_building_program/default.asp

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Tenant Improvement Development Guidelines

1. The Building has been designed and constructed to achieve LEED 2009-CS CERTIFIED Certification. Please note by selecting this property location and continuing the tenant build out with the sustainability principles set forth in the LEED-CI (Commercial Interiors) Green Building Rating system that the building will receive 3 points under the Sustainable Sites Credit 1: Site Selection.
2. Tenant construction and operations shall comply with LEED 2009-NC green building rating program credits per the City of Beverly Hills Green Building Program:
 - a) Construction Activity Pollution Prevention (City requirement not applicable for TI projects)
 - b) Site Selection
 - c) Innovative Wastewater Technologies
 - d) Fundamental Commissioning of the Building Energy Systems
 - e) Minimum Energy Performance
 - f) Fundamental Refrigerant Management
 - g) Optimize Energy Performance (15% better than Title 24)
 - h) On-Site Renewable Energy (2.5%)
 - i) Materials Reuse (5%)
 - j) Recycled Content (10%)
 - k) Regional Materials (10%)
 - l) Rapidly Renewable Materials
 - m) Minimum IAQ Performance
 - n) Environmental Tobacco Smoke (ETS) Control
 - o) Low-Emitting Materials, Adhesives and Sealants
 - p) Low-Emitting Materials, Paints and Coatings
 - q) Low-Emitting Materials, Carpet Systems
 - r) Low-Emitting Materials, Composite Wood and Agrifiber Products
3. **Tenant improvements to follow Southern California Edison "Savings By Design" program**
 - a) Future tenants shall not participate in Savings By Design Program on their own as it is established by the building owner for attainable credits.
 - b) Future tenants shall utilize MEP equipment that are as energy efficient as, or better than, what is specified on core & shell plans.
 - c) Tenants shall provide TI plans to core and shell team to allow to finalize Savings By Design calculations.
4. **Construction Activity and Pollution Prevention**

Credit addresses erosion and sedimentation control measures that are not applicable to TI projects.
5. **Site Selection**

Credit addresses responsible site selection. TI projects for the 9400 Santa Monica Building meets the LEED 2009-NC SSc1- Site Selection Requirements.
6. **Water Use Reduction**

If tenant plans to install flush fixtures in the space, domestic water use shall be reduced by a Min. of 20%. Credit can be achieved by specifying dual-flush water closets (1.1/1.6gpm) and 30% reduction in domestic water use. Tenant shall prepare WE-Pr-1 and WE-Cr-3 paperwork and submit to core and shell team for verification.

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7. Fundamental Commissioning of the Building Systems

Tenant shall hire an independent Commissioning Authority to provide fundamental commissioning services on the tenant build out to ensure the building energy related systems operate per the owner's project requirement (OPR) and the basis of design (BOD) requirements. At a minimum, commission the HVAC & R equipment and associated controls; lighting controls (including daylighting), domestic hot water system, and other energy using systems on the project.

8. Minimum Energy Performance

The shell building is participating in Savings by Design program, and the City of Beverly Hills Green Building Ordinance program, which require pursuing and achieving certain Title 24 compliance margins. The future tenants shall utilize MEP equipment that is as energy efficient as or better than specified on core & shell plans to comply with these requirements. The tenant shall also implement a lighting control system for controlling lights. In addition, no extra energy usage, including AC or lighting, other than that already allocated through the lease documents shall be planned, unless approved by the core and shell design team to assure compliance.

9. Fundamental Refrigerant Management

If the tenant plans to add any HVAC&R equipment that contains refrigerants, tenant shall specify HCFC & CFC free refrigerants.

10. Optimize Energy Performance

See item 8 above.

11. On-Site Renewable Energy

Use on-site renewable energy systems (Photovoltaic Panels) to offset building energy cost by 2.5%. Calculate project performance by expressing the energy produced in the renewable systems as a percentage of the building annual energy cost.

12. Materials Reuse (5%)

Reuse building materials and products in order to reduce demand for virgin materials and to reduce waste. Calculation shall be based on cost (excluding labor) for Master Spec 95 Divisions 2-10. Mechanical, Electrical, Plumbing and labor should not be included in calculation.

13. Recycled Content (10%)

Tenant shall select TI finishes that have a high recycled content where appropriate. Recycled content material should amount to 10% (post-consumer + ½ pre-consumer) of the total material cost. Material calculations should not include mechanical, electrical, plumbing or labor. If project is pursuing LEED-CI certification, and project team decides to include furniture in the Materials and Resource (MR) credit calculations, furniture must be included consistently in credits MRc4-7.

14. Regional Materials (10%)

Tenant shall select materials that can be sourced within a 500 mile distance from the building. 10% of materials shall be extracted and manufactured within a 500 mile radius of the project site. Material calculations should not include mechanical, electrical, plumbing or labor. If project is pursuing LEED-CI certification, and project team decides to include furniture in the Materials and Resource (MR) credit calculations, furniture must be included consistently in credits MRc4-7.

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15. Rapidly Renewable Materials (2.5%)

Use rapidly renewable materials and products (made from plants that are typically harvested within a ten-year cycle) for 2.5% of the total value of all materials and products used in the project, based on cost. If the project is pursuing LEED-CI certification, and the project team decides to include furniture in the Materials and Resource (MR) credit calculations, furniture must be included consistently in credits MRc4-7. Note: If pursuing LEED certification, the LEED -CI rating system requires 5% rapidly renewable materials to achieve credit.

16. Minimum IAQ Performance

Meet the minimum requirements of ASHRAE 62.1-2004, Ventilation for Acceptable Indoor Air Quality. Mechanical ventilation systems shall be designed using the Ventilation Rate Procedure or the applicable local code, whichever is more stringent.

17. Environmental Tobacco Smoke (ETS) Control

Prohibit smoking in the tenant space and require all occupants to smoke in the designated smoking areas that are located 25' from any building door, window, or opening.

18. Select Low-Emitting Materials, Adhesives and Sealants

All materials listed below that are used in the building interior must not exceed the following requirements:

- a) Adhesives, Sealants and Sealant Primers: South Coast Air Quality Management District (SCAQMD) Rule #1168 requirements in effect on January 1, 2003 and rule amendment dated October 3, 2003.
- b) Aerosol Adhesives: Green Seal Standard GC-36 requirements in effect on October 19, 2000.

19. Low-Emitting Materials, Paints and Coatings

Interior paints and coating applied on-site must meet the limitations and restrictions concerning chemical components set by the following standards:

- a) Topcoat Paints: Green Seal Standard GS-11,
- b) Anti-Corrosive and Anti-Rust Paints: Green Seal Standard GS-03, Anti-Corrosive Paints,
- c) All other Architectural Coatings, Primers and Undercoats: South Coast Air Quality Management District (SCAQMD) Rule 1113

20. Low-Emitting Materials, Carpet Systems

Tenants must use systems that meet or exceed the Carpet and Rug Institute's (CRI) Green Label Plus (GLP) Carpet pads must meet the requirements CRI Green Label Program. Note that GLP does not address backer or adhesive. Backer or adhesives must meet EQ credit 4.1 as mentioned in item 16 above.

21. Low-Emitting Materials, Composite Wood and Agrifiber Products

Composite wood and agrifiber products, including core materials, must contain no added urea-formaldehyde resins. If project is pursuing this credit under the LEED-CI Rating System, laminate adhesives used to fabricate on-site and shop applied assemblies containing these laminate adhesives must contain no added urea-formaldehyde.

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22. Controllability of the System

Tenant shall provide T-stats that are readily accessible by 50% or more of each AC zone occupants. TI team shall provide IEQ Cr-6 paperwork for this credit to the shell team.

23. Thermal Comfort-Design

TI team shall design the HVAC system according to ASHRAE/ANSI Standard 55-2004, and shall document design in accordance with Section 6.1.1 of this standard. TI team shall provide IEQ Cr-6 paperwork for this credit to the shell team.

Additional Recommended Measures

1. It is highly recommended that any project pursuing LEED certification target at least four points more than the minimum required points.
2. If pursuing LEED-CI certification, the project must achieve a minimum of two points under the Energy and Atmosphere category in addition to the prerequisites.
3. All prerequisites must be met in order to pursue LEED-CI certification. These guidelines do not address MRp1 - Storage and Collection on Recyclables.
4. Tenant shall promote the use of alternative transportation by not exceeding minimum local zoning parking requirements and providing carpool preferred parking for 5% or more of tenant occupants.
5. Install daylight responsive controls in all regularly occupied spaces within 15 feet of windows, doors, and under skylights.
6. **Construction Waste Management, Divert 50%-75% from Landfill**
Divert 50%-75% of construction waste from landfills. Track and record all construction waste reports and determine total diversion rate at the end of construction.
7. **Construction IAQ Management Plan, During Construction**
Tenant must develop an IAQ Management Plan that meets or exceeds the recommended design approach of the Sheet Metal and Air Conditioning National Contractors Association (SMACNA). Also protect on-site and installed absorptive materials from moisture damage. If air handlers must be used during construction a Minimum Efficiency Reporting Value of 8 must be used on all return openings to the units. Replace all filtration media immediately prior to occupancy of the TI space.
8. **Low-Emitting Materials, Systems Furniture and Seating**
Any furniture that is brought into the TI space which was manufactured, refurbished, or refinished within one year prior to moving it space must meet one of the following requirements:
 - a) Greenguard Indoor Air Quality Certified.
 - b) Calculated indoor air concentrations that are less than or equal to those established in Table 1 Indoor Air Concentrations for furniture systems and seating.

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Chemical Contaminant	Emission Limits Systems Furniture	Emission Limits Multiple Office Seating
TVOC	0.5 mg/m ³	0.25 mg/m ³
Formaldehyde	50 parts per billion	25 parts per billion
Total Aldehydes	100 parts per billion	50 parts per billion
4-Phenylcyclohexen (4-PCH)	0.0065 mg/m ³	0.00325 mg/m ³

* Salvaged and used furniture that is more than one year old at time of occupancy is excluded from the credit requirements.