



AGENDA REPORT

Meeting Date: January 6, 2009
Item Number: E-1
To: Honorable Mayor & City Council
From: David Lightner, Deputy City Manager
Subject: AMENDED AND RESTATED LEASE BETWEEN THE CITY OF BEVERLY HILLS AND THE WALLIS ANNENBERG CENTER FOR THE PERFORMING ARTS AND APPROVAL OF THE CONSTRUCTION OF A SUBTERRANEAN PARKING STRUCTURE

Attachments:

1. Recirculated Draft EIR and Revised Appendix H (previously provided to the City Council on December 11, 2008)
2. Letters and materials received from the public since 10-14-08
3. Minutes of 10-14-08 City Council Meeting
4. Copy of Public Notice of Availability of Recirculated Draft EIR
5. Revised Garage Site Plan/Public Parking Garage Plans (*bound separately*)
6. Draft Lease

RECOMMENDATION

The purpose of this meeting is to request approval of: the Wallis Annenberg Center for the Performing Arts (Center), a City public parking garage, the recirculated Draft Environmental Impact Report (EIR) and a draft lease agreement with the Center. Staff recommends the City Council take the following actions at the January 6, 2009 meeting:

1. Receive a staff presentation:
Changes to the site plan
Recirculated Draft EIR
Finance Plan and Lease
2. Take public comment
3. Request the City Attorney prepare a resolution certifying the EIR for consideration at the January 22, 2009 meeting
4. Continue this matter to the meeting of January 22, 2009.

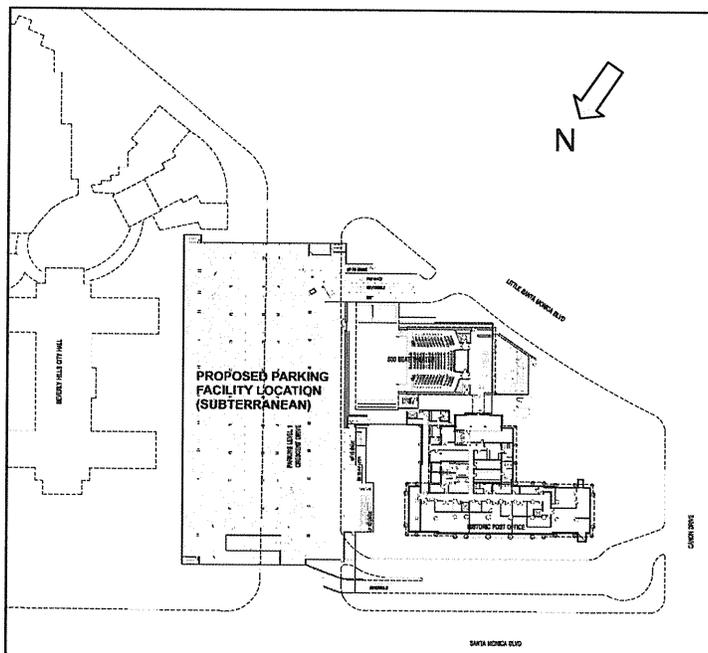
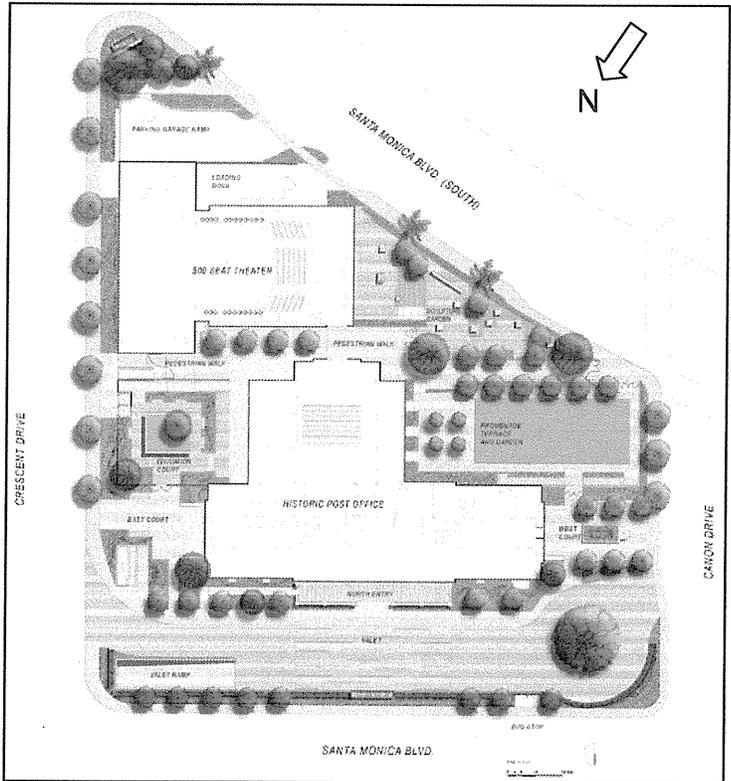
PROJECT DESCRIPTION

Center

The performing arts center project has been proposed on the site of the City's former main Post Office on Santa Monica Boulevard North between North Crescent Drive and North Canon Drive. The project is proposed by the Center, which currently occupies the site, and includes rehabilitation and reuse of the historic Beverly Hills Post Office and construction of a new, 500-seat theater, a pedestrian walkway and sculpture gardens (470 North Canon Drive). The site is owned by the City of Beverly Hills and the City and the Center are operating under the terms of the current lease which reflect the conceptual performing arts center proposal from 2000.

Garage

Adjacent to the performing arts center project, the City is proposing to construct a subterranean public parking garage at 455 North Canon Drive for the use of the public, including patrons of the Center. The garage is proposed to be located under Crescent Drive adjacent to the old Post Office site and would extend under the landscaping adjacent to City Hall.



The garage was originally proposed in the draft EIR as either a two-level or three-level garage (maximum 430 parking spaces) with entry and exiting from a driveway on Santa Monica Boulevard South (Little Santa Monica Boulevard) and a valet driveway in the motor court at the north end of the Post Office site.

As a result of public hearings before the Planning Commission and discussion at the October 14, 2008 City Council meeting, the proposed garage was revised, largely to improve garage ingress and egress and to provide additional parking. The garage design as shown in the draft plans has approximately 470 parking spaces. Because the traffic analysis for a revised larger garage needed to be undertaken before the larger garage design was completed, staff conservatively analyzed a two- or three-level garage with up to

500 spaces in the recirculated draft EIR to assess the scenario with the most potential impacts from a traffic analysis perspective. The total number of parking spaces on the proposed garage plans (470) allows for a better design with additional pedestrian access and amenities. The revised garage includes two self-park driveways: the previously proposed driveway on Santa Monica Boulevard South and a new driveway on the east side of North Crescent Drive that would extend onto the front lawn area of City Hall. Both driveways could allow ingress and egress. The valet driveway in the motor court would remain. The parking facility would be developed and owned by the City with the Center contributing to the construction cost in exchange for rights to use 100 parking spaces. All other parking spaces would be available for general public parking.

ENVIRONMENTAL ASSESSMENT

The City of Beverly Hills is the Lead Agency responsible for the preparation of the environmental documentation in compliance with the California Environmental Quality Act (CEQA). In accordance with the CEQA Guidelines, it was determined that an EIR is the appropriate level of analysis for these projects as they may have a significant effect on the environment. The projects were reviewed together in the draft EIR and are referred to in the EIR and sections of this report as "the Project." The purpose of the EIR is to inform the public regarding the implications of the project on its environment and provide guidance on how the project's impacts can be addressed.

A draft EIR of the initial project was released for public review in June 2008; however, as a result of changes made to the public parking garage portion of the project through a public hearing process, it was determined that the draft EIR should be revised and recirculated for public review and comment, including a revised traffic report (Appendix H). The recirculation also provided an opportunity to make corrections and to clarify certain points in the Draft EIR. The recirculated draft EIR was released to the public on December 10, 2008. The period for public comment will run through Thursday, January 8, 2009. At the writing of this report, one additional substantive comment letter has been received along with three more letters of support for the project (attached). Any comments received prior to the City Council meeting on January 6, 2008 will be provided before or at the meeting.

The City's EIR consultant, ICF Jones & Stokes, is in the process of preparing written responses to substantive comments received on environmental issues and will be responding to all comments received on the initial draft EIR as well as the recirculated draft EIR. The written responses will describe the disposition of significant environmental issues raised. The Response to Comments along with the Draft EIR will then become the Draft Final EIR that will be reviewed by the City Council for final action at a future meeting, scheduled for January 22, 2009.

Below are the key EIR dates on this project up to this point:

- June 13, 2008 - Draft EIR for the project released to the public
- June 24, 2008 - City Council Study Session; directed Planning Commission to review the project and draft EIR and provide recommendations to the City Council
- June 26, 2008 - Planning Commission Public Hearing
- August 7, 2008 - Planning Commission Public Hearing
- September 11, 2008 - Planning Commission Public Hearing (public hearing closed)

Meeting Date: January 6, 2009

- September 25, 2008 - Planning Commission adopted resolution recommending approval of the project with a larger garage and additional driveway, eventual certification of the draft EIR and found the project consistent with the General Plan
- October 14, 2008 - City Council Meeting; Council supported Planning Commission recommendations for a larger garage with more parking spaces and an additional driveway
- December 10, 2008 - Recirculated Draft EIR released to the public (analyzes larger garage with additional driveway on Crescent)
- January 8, 2009 - Public Comment Period closes for recirculated Draft EIR.

Description of Project Analyzed in Recirculated Draft EIR

The performing arts center portion of the project has not changed in the revised draft EIR except for additional and modified pedestrian connections to the garage; a more detailed description of the Center is included in the draft EIR.

The public parking structure, on the other hand, has been enlarged to 470-500 spaces with an additional self-park driveway at Crescent Drive. The City Council, at its October meeting, was presented with plans incorporating the Planning Commission's recommendations for a larger garage and an additional driveway for the project; however, these revised plans had not yet been analyzed as part of the Draft EIR and additional EIR analysis has been undertaken to review the revised garage. A revised traffic study was prepared and is included in the Draft EIR as Appendix H. The traffic report is summarized in Chapter 3-10 of the draft EIR.

DISCUSSION

Changes to Garage from October 14 meeting – Pedestrian Access

The Planning Commission recommended and the City Council concurred that staff should work to create a better pedestrian connection between the City's Business Triangle and the public parking garage. The project already included a landscaped public access pathway through the site from the Crescent Drive garage access to Canon Drive as a means of linking the performing arts center and the Civic Center (to the east) and Business Triangle (to the west). This pathway would be accessible to the disabled. Due to security issues, the pathway would not necessarily be available during evenings when there is not a performance or activity scheduled at the Center. Staff from the City and Annenberg Center, as well as consultants, developed the Site Plan (See Attachment #5). This design provides an additional pedestrian stairway from the sidewalk to the P-1 level on the west side of the driveway ramp on Santa Monica Boulevard South. This should provide more accessible and safer garage access as pedestrians arriving from the business triangle will not have to cross a vehicle curb cut, only the loading zone curb cut which would be used much less frequently. In addition, elevators were added to the stairway on the City Hall property and improvements were made to the pedestrian access to the garage on Crescent Drive. Additional improvements are still being developed by the Center's architect which may include other amenities at the Center's expense, such as escalators on all garage levels and improved lobbies to create a more open environment for patrons moving through the garage up to the Center and out to the street.

Environmental Impacts

The draft EIR analyzes the environmental impacts associated with implementation of the project. The full summary table can be found at the beginning of the draft EIR, pages S-12 through S-46. For the project now analyzed in the recirculated EIR (two- to three-level garage, two self-park driveways) the following are the significant impacts that could not be mitigated to less than significant levels.

A. Green House Gas (GHG) Emissions (cumulative construction emissions)

The analysis undertaken for the project does not support a finding of significant adverse impact for GHG emissions; however, due to the fact that no federal, state or regional air quality agency has adopted a methodology or quantitative threshold that can be applied to evaluate an individual project's contribution to global GHG emissions, a more conservative finding of potentially significant is being made.

B. Intersection Impacts (operational)

The addition of project traffic would contribute to already deficient conditions on local roads resulting in significant impacts at the following five study intersections during one or more peak hours for typical days:

- Beverly Drive and Santa Monica Boulevard North
- Canon Drive and Santa Monica Boulevard North
- Crescent Drive and Santa Monica Boulevard North
- Santa Monica Boulevard North and Wilshire Boulevard
- Crescent Drive and Santa Monica Boulevard South

Following are additional required mitigation measures that would reduce the adverse impacts at these intersections but not to less than significant levels:

TR 3 – Beverly Drive and Santa Monica Boulevard – The William Morris project (231 N Beverly Drive) is to provide an exclusive right-turn lane on the eastbound Santa Monica Boulevard North approach.

TR 4 – Canon Drive and Santa Monica Boulevard North – Restripe Canon Drive to provide an exclusive right-turn lane on the northbound approach, resulting in one left turn, two through lanes and one right-turn lane

TR 5 – Crescent Drive and Santa Monica Boulevard North – Improve Santa Monica Boulevard North to provide an exclusive right-turn lane on the eastbound approach, resulting in one left-turn lane, two through lanes and one right-turn lane. This improvement may require relocation of the existing Metro bus stop.

C. Transportation, Traffic, and Parking (cumulative/construction period)

Closure of Crescent Drive to traffic between Santa Monica Boulevard North and Santa Monica Boulevard South for the approximately 18-month construction period for the subterranean garage would result in significant impacts at intersections. Although the impacts would be of limited duration, they are considered to be significant and unavoidable and there are no feasible mitigation measures. All garage options reviewed would have this significant, unmitigable impact.

Because of potentially unavoidable adverse impacts noted above, the City Council would need to adopt a Statement of Overriding Considerations to approve the project. CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental risks when determining whether to approve a project. If the specific benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered "acceptable."

It should also be noted that additional testing for potential on-site soil contamination related to the Union 76 gas station across the street from the project was conducted in December 2008 and preliminary results show no contamination at the project site.

Project Alternatives

The California Environmental Quality Act requires Environmental Impact Reports to evaluate alternatives to the project being assessed by the report. The primary goal of evaluating alternatives is to explore whether there is another way to achieve the objectives of the project which might be better for the environment. The Draft EIR evaluated five alternatives. The Planning Commission was presented with these alternatives and did not identify any that achieve the project objectives.

GENERAL PLAN CONFORMANCE

Pursuant to Government Code Section 65402, the Planning Commission, as the City's planning agency, shall report as to the conformity of the Project with the adopted general plan. Government Code Section 65402 requires that no public building or structure shall be constructed or authorized until the planning agency has reported on the conformity of the construction or authorization of the public building with the applicable general plan.

The project site is shown in the Land Use Element of the City's current General Plan as "Public Buildings." The site is proposed to be developed with a performing arts center that will provide ongoing cultural activities for the public and a public parking structure that will provide much-needed additional public parking for the community as well as the performing arts center. As such, the project is consistent with the City's General Plan because it provides structures and amenities for public use (a non-profit performing arts center, gardens, a public parking garage).

FISCAL IMPACT

The City Council Ad Hoc Committee (Councilmembers Briskman and Delshad) and staff have worked closely with the Center's Board representatives and their staff to optimize the development plans and negotiate the draft amended lease.

The Annenberg Center for the Performing Arts has raised over \$40 million to construct a state of the art live theater center at the historic main post office. The historic building will be adaptively reused through a sensitive remodel that will maintain the building's National Register status and a new 500-seat theater will be added to the property, dramatically increasing its value.

This effort has created an opportunity for the City to address a longstanding need for parking at the north end of the Business Triangle, coordinating with the Center to create a substantial parking resource in a subterranean garage between the Center site and City Hall.

The garage will accommodate approximately 470 vehicles and will be funded by a combination of City bonds and cash and a financial contribution from the Center. The Center will contribute \$7.1 million toward the construction of the garage in exchange for rights to use 100 of the spaces. The Center's contribution will include a \$5 million cash payment and \$2.1 million of additional bond funds. These bond funds will be supported by the projected future net revenue stream of the 100 spaces. The City will retain the net revenue for the entire garage.

The additional 370 public spaces in the garage will provide overflow capacity during the City's peak parking demand period of 11:00 a.m. to 3:00 p.m. Monday through Saturday. Although this is the only period when there is a reliable overflow of Triangle patron parkers, this garage includes the benefit to the City of a night and weekend parking demand generator, attracting patrons willing to pay for convenient parking, as they do at other theaters. The City will reserve parking availability for City use during the peak, as a lease condition, and take advantage of the extra revenue generated by the Center's parking demand in off-peak hours.

The cost of building the garage has been estimated at \$41 million. However, our most recent experience with construction bids received after October 2008 has been that in the current financial context, bids are coming in below estimates. The sources of funds for the garage are:

\$10.3 million	Current City Budget
\$23.6 million	30-Year Bonds
<u>\$ 7.1 million</u>	Annenberg Center (\$5 million cash and \$2.1 million bonds)
\$41.0 million	

Of the total bond amount, \$5.5 million is projected to be supportable by the net revenues produced by the garage. The remaining \$20.2 million of 30-year bonds would be supported by the General Fund with annual debt service of approximately \$1.65 million.

Summary of Amended Lease

A draft revised lease has been prepared updating the provisions of the current lease to address the revised project. The following summary highlights the major points of the draft lease and "Work Letter" attachment which defines construction coordination between the Center and City for the theater and garage components of the project.

Use: The Center must be used for first-class presentation of theatrical, cultural, music and other performing arts, lectures and exhibitions. Ancillary uses may include concession and broadcast facilities, gift shop, visitor center, operational offices and related incidental uses. Special Events may be scheduled provided they do not become the primary use in any consecutive 3-month period.

Term: The lease term is 35 years with two 10-year options.

Rent: \$100 per year.

Funding Date: Date when evidence is in place, satisfactory to the City, that Center funds to cover hard and soft costs to complete the phase being initiated (including 10% contingency) are in place.

Possession: The Center would take possession of the site on the effective date of the revised lease. The Center would not be able to start any demolition or construction until the Funding Date noted above.

Parking: The Center would have access to 100 spaces at all times, for which they would make a \$7.1 million contribution to garage costs. Between 11 a.m. and 3 p.m. Monday through Saturday the Center's programming is limited to creating demand of no more than 100 spaces, unless offsite, valet or other plans are approved by the City's Director of Parking Operations. The City will operate the entire garage.

Mitigation: The City will fund its pro rata share of mitigation measures that result from public garage operations and the Center will fund its pro rata share of measures that result from theater operations.

Remediation: The lease includes a credit, not to exceed \$240,000, from the City to the Center for removal of hazardous materials including asbestos.

Termination: Tenant may terminate with 30 days notice. The property would transfer back to the City with improvements. If improvements are not completed, City would receive access to all available Center funds to complete the project. City may terminate through condemnation for public purpose.

Minimum Standards: Public areas must be open 40 hours per week. Minimum performances before a paying audience include 36 in the first year, 48 in the second year and 72 in the third year and thereafter. Coordination with the Beverly Hills Unified School District is required in order to provide opportunities for exposure to the performing arts as part of the educational program.

City Events: The City may hold up to 15 Special Events at the Property. Five additional civic, charitable or public events may also be held. Additionally, the City may hold the Mayor's Installation at the Property.

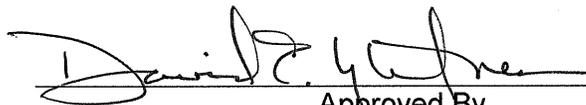
Landscape: The Center is to provide the landscape maintenance with a City contribution of half of the cost, not to exceed \$2,500 per month. Tenant to provide other Property maintenance at its sole expense. City to maintain the garage at its expense.

In the long term, the overall fiscal impact of the performing arts center is expected to be a great benefit to the City. The creation of a first class performing arts theater through private fundraising is unusual. Most communities with such facilities are not able to rely on private donations at this level for a facility that could enhance the overall quality of life for residents and provide a significant economic boost to businesses in the vicinity and throughout the City.

PUBLIC NOTICE AND COMMENTS

Notice of completion of the Draft EIR for recirculation was mailed on December 10, 2008 to all property owners and residential tenants within a 300-foot radius of the property, and all owners of single-family zoned properties within 500 feet from the exterior boundaries of the property, an area beyond the requirements of CEQA and consistent with the City's requirements for certain discretionary reviews. In addition, notices were mailed to persons who contacted the City about the project.

David Lightner
Deputy City Manager

A handwritten signature in black ink, appearing to read "David Lightner", is written over a horizontal line.

Approved By

Attachment 1

Recirculated Draft EIR and Revised Appendix H (Traffic Study)

(previously provided to the City Council on December 11, 2008)

Attachment 2

Letters and materials received from the public
Since 10-14-08

Wallis Annenberg Center for the Performing Arts and Public Parking Garage
Letters and materials received from the public since the 10-14-08 City Council Meeting

Letter from Dennis Tanenbaum dated 12/11/08 attaching a copy of a letter from the CA Regional Water Quality Control Board dated November 17, 2008 regarding 427 North Crescent Drive (76 Service Station in Beverly Hills)

Letter from Paul D. Supnik, dated November 11, 2008

Letter from Ms. Betsy Mazursky, dated November 11, 2008

Letter from Erica Hiller Carpenter, dated December 12, 2008

ATTN: MICHELE McGRATH

COMMENTS TO DECEMBER 10, 2008 DEIR

PLEASE INCLUDE THIS STAFF LETTER FROM THE CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD ON THE CORRECTIVE ACTION FOR 76 SERVICE STATION AT 427 NORTH CRESCENT DRIVE ON THE UNAUTHORIZED UNDERGROUND STORAGE TANK RELEASE DATED NOVEMBER 17, 2008



California Regional Water Quality Control Board

Los Angeles Region



Linda S. Adams
Cal/EPA Secretary

320 W. 4th Street, Suite 200, Los Angeles, California 90013
Phone (213) 576-6600 FAX (213) 576-6640 - Internet Address: <http://www.waterboards.ca.gov/losangeles>

Arnold Schwarzenegger
Governor

Mr. Dennis Tanenbaum
9520 W Olympic Blvd.
Beverly Hills, CA 90212

November 17, 2008

Ms. Shari London
ConocoPhillips
3611 South Harbor Boulevard, Suite 200
Santa Ana, CA 92704

**UNDERGROUND STORAGE TANK PROGRAM – DIRECTIVE TO TAKE CORRECTIVE ACTION IN RESPONSE TO UNAUTHORIZED UNDERGROUND STORAGE TANK RELEASE PURSUANT TO HEALTH AND SAFETY CODE SECTION 25296.10 AND TITLE 23, CALIFORNIA CODE OF REGULATIONS, SECTIONS 2720 THROUGH 2727
76 SERVICE STATION NO. 0971
427 NORTH CRESCENT DRIVE, BEVERLY HILLS, (CASE NO. I – 10978)
(PRIORITY B – 2)**

Dear Ms. London:

Pursuant to Health and Safety Code section 25296.10, you are required to take corrective action (i.e., Preliminary Site Assessment, Soil and Water Investigation, Corrective Action Plan Implementation, and Verification Monitoring) to ensure the protection of human health, safety and the environment. Corrective action requirements are set forth in California Code of Regulations (CCR), title 23, sections 2720 through 2727.

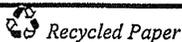
We have reviewed the "Application For Renewal Of Waste Discharge Requirements" (WDR Application), dated May 29, 2008, submitted by Environ Strategy Consultants, Inc., and the "Quarterly Monitoring Report – July Through September 2008" (Report), dated August 15, 2008, submitted by TRC. The preceding technical reports were submitted on behalf of ConocoPhillips for the referenced site. We have also reviewed the information contained in our case file.

I. Groundwater Monitoring (Per CCR Title 23, Chapter 16, § 2724)

The data from the most recent groundwater sampling event indicated elevated total petroleum hydrocarbon as gasoline (TPH_G) and methyl tertiary butyl ether (MTBE) concentrations in groundwater monitoring wells MW-9A and MW-28. The maximum TPH_G and MTBE concentrations of 270 µg/L (TPH_G) and 47 µg/L (MTBE), respectively, were reported in groundwater monitoring well MW-9A. Groundwater monitoring well MW-9A is located on-site, cross-gradient to the underground storage tanks.

1. ConocoPhillips is required to continue the Groundwater Monitoring And Reporting Program. The Site Conceptual Model Update – Fourth Quarter 2008, (October – December) is due by **January 15, 2009**.

California Environmental Protection Agency



Our mission is to preserve and enhance the quality of California's water resources for the benefit of present and future generations.

II. Site Characterization (Per CCR Title 23, Chapter 16, § 2725)

During the most recent groundwater sampling event, groundwater monitoring wells BC-1, MW-1, MW-1A, MW-2, MW-4, MW-11, MW-26, and OW-23A were dry.

A review of historical groundwater data indicated that groundwater monitoring well MW-1 was last sampled in April 2006, MW-1A, MW-2, MW-11 in July 2006, MW-4 in December 1998, MW-26 in January 2007, and OW-23A has never been sampled. During each sampling event, the groundwater monitoring reports reported that the wells were either dry or did not have enough water to sample.

A review of the Field Data Monitoring Sheets (Data Sheets), for July 21, 2008, (Third Quarter 2008), indicated that groundwater was not detected in groundwater monitoring wells BC-1, MW-1, MW-4, MW-11, MW-26, and OW-23A. The Data Sheets also reported that the total depth of groundwater monitoring well MW-1A was 43.58 feet with a reported depth to water of 43.20 feet, and the total depth of groundwater monitoring well MW-2 was 44.70 feet with a reported depth to water of 44.27 feet.

When last sampled the tertiary butyl alcohol (TBA) concentration in groundwater monitoring well MW-1 was 43,000 µg/L and the MTBE and TBA concentrations in groundwater monitoring well MW-1A were 250 µg/L (MTBE) and 16,000 µg/L (TBA), respectively.

1. Based on the data collected to date, it appears that groundwater monitoring wells BC-1, MW-1, MW-1A, MW-2, MW-4, MW-11, MW-26, and OW-23A are not effectively screened with respect to the fluctuating depth to groundwater. ConocoPhillips is required to submit a Site Characterization Workplan due by **January 15, 2009**. The Site Characterization Workplan must propose to install an additional groundwater monitoring well, five feet from existing groundwater monitoring wells MW-1, MW-1A, and MW-11.
2. ConocoPhillips is required to submit a copy of all soil boring logs and well construction details for all on-site and off-site soil borings, groundwater monitoring wells, remediation wells (including the C-Spare wells), and confirmation borings along with a detailed scaled site map indicating the location of each referenced soil boring and well. ConocoPhillips is also required to tabulate well construction details for each referenced on-site and off-site well. In addition, ConocoPhillips is required to tabulate all analytical soil data collected to date. ConocoPhillips is required to submit the data with the Site Conceptual Model Update due by **January 15, 2009**.

III. Site Remediation (Per CCR Title 23, Chapter 16, § 2726)

Historically, site remediation consisted of groundwater pump and treat resulting in the removal of approximately 3.1 million gallons of groundwater and approximately 330 to 550 pounds of hydrocarbon. Subsequently, a vapor extraction system removed approximately 2,788 pounds of hydrocarbon. Currently, on-site remediation consists of ozone injection. The ozone injection began in April 2005.

November 17, 2008

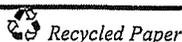
The WDR Application requests the renewal of permit CI-8841 under General Order R4-2007-0019 for ozone injection. In addition, the WDR Application is requesting that the permit be amended such that up to three pounds of ozone is injected per day.

1. Since the current groundwater quality is not known, the potential effectiveness of the ozone sparging conducted to date on the dissolved phase petroleum hydrocarbon plume can not be evaluated. Therefore, the WDR Application is on hold. As indicated above, additional groundwater monitoring wells are required to determine the groundwater quality beneath the site. Upon review of the analytical groundwater data, the Renewal Application will be evaluated.

IV. General Requirements

1. Pursuant to State Water Resources Control Board Resolution No. 92-49, under Water Code Section 13304, all fieldwork related to subsurface investigation including well installation and abandonment must be conducted by, or under the direct responsible supervision of, a licensed California Professional Geologist (PG) or Civil Engineer (PE). All technical documents submitted to this Regional Board must be reviewed and signed and/or stamped by a licensed California PG or PE with preferably five years subsurface hydrogeologic experience.
2. Soil and groundwater samples must be analyzed by Cal-LUFT GC/FID or Cal-LUFT GC/MS Method for TPH_G and by EPA Method 8260B for benzene, toluene, ethylbenzene, total xylenes (BTEX), and fuel oxygenate compounds including MTBE, diisopropyl ether (DIPE), ethyl tertiary butyl ether (ETBE), tertiary amyl methyl ether (TAME), and TBA. Ethanol is also required and shall be analyzed by either method above. The analytical detection limits must conform to the Regional Board General Laboratory Testing Requirements (9/06) http://www.waterboards.ca.gov/losangeles/publications_forms/forms/ust/lab_forms/labreq9-06.pdf. All respective analytical methods must be certified by the California Environmental Laboratory Accreditation Program (ELAP). All analytical data must be reported by a California-certified laboratory.
3. Prior to consideration for case closure, ConocoPhillips must analyze at least one round of groundwater samples for all common aromatic and chlorinated volatile organic compounds per EPA Method 8260B. Since the site maps indicate that a waste oil underground storage tank is located on-site, the full suite of aromatic and chlorinated analytes must also be tested and reported per EPA Method 8260B.
4. All reports submitted to this office must conform to the "Guidelines For Report Submittals" (June 1993), published by the Los Angeles County Department of Public Works.
5. Please note that hard copy reports are no longer necessary for the Underground Storage Tank Program. For guidelines on electronic report submittal please go to http://www.waterboards.ca.gov/losangeles/water_issues/programs/ust/guidelines/e-qmr_guideline.pdf

California Environmental Protection Agency



Ms. Shari London
76 Service Station No. 0971
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V. Enforcement

ConocoPhillips is required to submit the Site Characterization Workplan and the Site Conceptual Model Update – Fourth Quarter 2008 by **January 15, 2009**. Failure to submit the required technical reports by the due date specified may result in an enforcement action by this Regional Board.

If you have any questions regarding this matter, please call me at (213) 576-6714 or email me at dpirotton@waterboards.ca.gov

Sincerely,



Daniel P. Pirotton
Water Resource Control Engineer
Underground Storage Tank Program / Los Angeles Coastal Unit

cc: Ms. Yvonne Shanks, State Water Resources Control Board,
Underground Storage Tank Cleanup Fund
Ms. Nancy Matsumoto, Water Replenishment District of Southern California
Mr. Tim Smith, Los Angeles County Department Of Public Works,
Underground Storage Tank Program
Mr. Robert Baker, Delta Consultants

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November 11, 2008

Beverly Hills City Council
455 North Rexford Drive
Beverly Hills, CA 90210

Re: Annenberg Cultural Center

To the Hon. Mayor and Members of the Beverly Hills City Council:

I write to urge your support of the Wallis Annenberg Center for the Performing Arts. Although I sense that council support is unanimous, at this time I think that a little nudge could be still be helpful.

I have been a resident of Beverly Hills for 34 years. My wife and I have lived both in the Southeast side and in the flats. Our daughter attended the Beverly Hills School system though graduation from Beverly. I moved to the city, perceiving that it was one place in the Los Angeles area that had a sense of community. I see the Cultural Center as a project that can help further that sense of community.

Frankly, when I first heard of the project, I was not impressed. However, after thinking about the possibilities and the effects likely to occur, I feel that the Center must be created, and that the effects will be positive and substantial. I see the Annenberg Center as completing a missing link in the city's texture. It will provide a cultural and community anchor for Beverly Hills.

Yes, it will bring people in from outside. And that is a good thing. The thought that we can invite our friends from neighboring communities here for a concert and meet them on our own turf is exciting. The potential synergy with the recently energized and nearby Canon drive restaurant row adds something as well.

What is the net effect? Maybe not immediately, but over time, I predict the Center will do the following:

- It will bring people in the city together creating a more cohesive community
- It will round out the rough edges of a perceived city without soul
- It will help alter outside perceptions of a city of money but without substance
- It will enhance the desirability of living in Beverly Hills

Beverly Hills City Council

November 11, 2008

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- That enhanced perception will indirectly, if only modestly, raise property values
- It will enable people to attend events by a very short drive, or if one is fortunate, even a walk to concerts
- It will simply raise the quality of life in Beverly Hills

As to the parking, I favor the city investing in the extra funds required to go for three levels of parking for the future. The effect is likely to enhance the experience of attending, minimize the parking effects in the area, and supplement the Nate 'N Al/Crate and Barrel parking lot that is well used by the community.

I have a concern that without the immediate support from the City Council, the substantial existing philanthropic pledges could dissipate. This project is simply too important to avoid moving forward with at this time. Especially in this economic climate, the City must move forward and help this project succeed. This is a project that is more than wanted -- it is needed now. I urge your full support.

Respectfully,



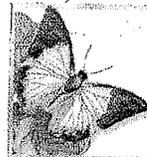
Paul D. Supnik

Michele

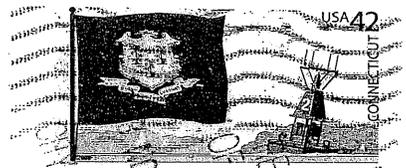


Dear Mayor & City Council,
We are neighbors of
the Annenberg Center and
and would like you to
know that we strongly
support this performing arts
center. It will be a great
asset for our city.

Betsy Mazursky
Paul Mazursky



LOS ANGELES, CA 900
Ms. Betsy Mazursky
509 N. Crescent Drive
Beverly Hills, CA 90210-3301



Mayor Barry Bruckner
City Council
City of Beverly Hills
455 N. Bedford Dr
Beverly Hills, Calif
90210

LOS ANGELES, CA 900
NOV 11 11 PM
2000

ERICA HILLER CARPENTER

12.18.08

Mayor Barry Brucker and City Council
City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210

Dear Mayor Brucker and City Council Members:

I'd like to share my enthusiasm and support for the development of the Wallis Annenberg Center for the Performing Arts. What better place to have a state of the art facility than in the heart of Beverly Hills, where many of the entertainment and theatrical community live and work.

I have been a member and supporter of the BH community my entire life. I was raised here and attended both elementary and high school. My parents are still residents and though my husband, daughter and I live one block away in the basin of the Doheny Estates, I am in my heart still a member of the Beverly Hills family.

As a child my brother and I were introduced to live theatre, dance and on a regular basis. Although my mother often heard whispered comments as she brought two young children to the theatre or ballet, ("Oh no, those children will only disrupt the program..."), by intermission the same audience members were complimenting our parents on how well mannered we were. We were that of course, but we were also in awe of what we were seeing on stage - it was a gift that all young people should have.

I have always loved our beautiful and historic post office, and miss entering its grand halls to buy my stamps and mail my packages. Knowing that my daughter may have the opportunity to enjoy not only the architecture and art work it holds but will also be able to take part in classes as well as enjoy first rate professional theatre in our own back yard only adds to my support for this wonderful project.

When this project comes to fruition, there is a way to keep congestion to a minimum. As we learned from the Canon/Beverly Drive structure, underground parking is needed and used in Beverly Hills, and the ability to enjoy the entire experience of dinner and a stroll to the theatre is an appealing one.

Our city draws visitors from all over the world. We have the most prestigious stores, wonderful restaurants, homes to 'stars' and now with a little bit of luck and a lot of hard work - Beverly Hills has the opportunity to create its own "Music Center," Its own "Disney Hall". Its own 'WALLIS ANNENBERG CENTER for the Performing Arts' with its home in the heart of our community. What a wonderful gift... that truly keeps on giving.

Sincerely,



1230 NORTH DOHENY DRIVE, LOS ANGELES CA 90069

Attachment 3

Minutes of 10-14-08 City Council Meeting



**CITY OF BEVERLY HILLS
CITY COUNCIL
ADJOURNED REGULAR MEETING
October 14, 2008**

The Adjourned Regular Meeting of the City Council of Beverly Hills was held in the Council Chambers at 7:00 p.m.

PLEDGE OF ALLEGIANCE

A. ROLL CALL

Present: Councilmember Krasne, Councilmember Delshad, Councilmember Briskman, Vice Mayor Fenton, and Mayor Brucker
Absent: None

B. PRESENTATIONS

1. CERTIFICATES - Beverly Hills Little League All Stars (Boys and Girls)

Mayor Brucker and Vice Mayor Fenton presented certificates to the Beverly Hills All-Star Softball & Baseball Teams.

2. RECOGNITION - Green Art Projects from the Beverly Hills Youth Camps

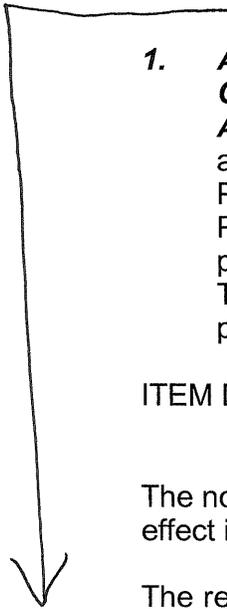
Mayor Brucker and Vice Mayor Fenton presented certificates to the Beverly Hills Youth Camp participants Jack Gillet, Elizabeth Walder and Jacob Michael Row.

3. PROCLAMATION - Robert (Robbie) Anderson for his contributions to the Beverly Hills community

Mayor Brucker and Vice Mayor Fenton presented resident Robert Anderson with a proclamation in recognition of his contributions to the Beverly Hills community.

Robbie Anderson spoke about the re-installation of the Beverly Hills sign on

This being the time and place set, a public hearing was held to consider:

- 
1. **AMENDMENT TO THE LEASE WITH THE WALLIS ANNENBERG CENTER FOR THE PERFORMING ARTS AND THE CONSTRUCTION OF A SUBTERRANEAN PARKING STRUCTURE.** Comment: This is an amendment to the Lease with the Wallis Annenberg Center for the Performing Arts for the rehabilitation and reuse of the City's former main Post Office. The project includes the construction of a subterranean parking structure under Crescent Drive and a portion of the City Hall Lawn. The City Council will also consider the Environmental Impact Report (EIR) prepared for the project.

ITEM D-1 LINK

The notice of the hearing was published as required by law and an affidavit to this effect is on file with the City Clerk.

The records and files of the Community Development Department and the report of the Senior Planner concerning this matter are made a part of the record of this hearing.

Senior Planner Michelle McGrath presented the two projects (The Wallis Annenberg Center for the Performing Arts & the new City Public Parking Structure) along with the Draft EIR and the Planning Commission's recommendations. She noted the City Council's responsibility is to approve the lease and would be approving both projects which do require Environmental Review. She mentioned the Planning Commission's responsibility for these projects is to review them for consistency with the City's adopted General Plan. Ms. McGrath described the process to date with the Planning Commission.

Bram Goldsmith, applicant, speaking on behalf of the Board of Directors of the Wallis Annenberg Center for the Performing Arts, noted this is a resident driven project and introduced the members in attendance. Mr. Goldsmith urged the Council to vote to approve this important cultural center.

Lou Moore, Executive Director of the Center, spoke about the mission of the Center and provided details of the project.

Director of Parking Operations Chad Lynn spoke about the project description for the subterranean parking garage, the selection process, the project goals, the recommended design (option 21d) and recapped the benefits of the partnership between the City and the Center.

Deputy City Manager David Lightner presented the lease proposal and highlighted the basic structures of the lease. Mr. Lightner noted the additional information that will be presented regarding the lease at the November 5, 2008

Council meeting.

Speaking:

1. Ali Kasicki spoke to the benefits of the Annenberg Center.
2. Jonathan Victor expressed the support he and his wife Toby share for the Center and mentioned the possibilities the Performing Arts represents.
3. John Carroll spoke about aspects of the Center and parking garage and expressed support for the project. Mr. Carroll presented a petition signed by more than 100 of the businesses in Beverly Hills supporting the project.
4. Dennis Tannenbaum commented on mitigation measures needed to construct this project, and suggested the City immediately conduct a hazardous waste assessment.

Planning Commission Chair Noah Furie spoke on behalf of the Commission and noted the entire Commission recommends approval of the Wallis Annenberg Center for the Performing Arts project and construction of the public parking garage. Mr. Furie stated the Center will be a cultural asset for the entire community and the City parking garage will provide much needed additional parking for the Business Triangle. He addressed the ingress and egress portions of the parking garage and urged the Council to approve this project.

At the request of Mayor Brucker, Planning Commission Chair Furie discussed the sustainable features included in the project.

There were no members of the audience who wished to comment and Mayor Brucker closed the public hearing.

Staff answered various questions raised by the City Council.

Councilmember Briskman stated she and Councilmember Delshad made up the Ad Hoc Committee for this project and the Committee is confident this project has been fully vetted by all the stake holders over a long period of time. The Council expressed their support of the project.

There were no further questions or comments of Councilmembers.

The consensus of the Council was to continue the matter to November 5, 2008 at 7 p.m.

ITEM D-1: BY ORDER OF THE CHAIR, MATTER CONTINUED TO THE MEETING OF WEDNESDAY, NOVEMBER 5, 2008 AT 7:00 P.M.

E. CONTINUED AND NEW BUSINESS

Attachment 4

Copy of Public Notice of Availability of
Recirculated Draft EIR

COMMUNITY DEVELOPMENT
(310) 285-1123
FAX: (310) 858-5966



455 N. Rexford Drive
Beverly Hills, CA 90210-4817

**NOTICE OF AVAILABILITY OF
A RECIRCULATED DRAFT ENVIRONMENTAL IMPACT REPORT (DEIR)
AND
NOTICE OF PUBLIC MEETINGS**

A Draft Environmental Impact Report (DEIR) has been prepared for a proposed performing arts center and public parking garage Project ("Project") to be located at **470 North Canon Drive (Former Main Post Office) and 455 North Crescent Drive, respectively, in the City of Beverly Hills, County of Los Angeles.** The project is described in more detail below. The Draft EIR will be released on **Wednesday, December 10, 2008** for public review and comment. The City of Beverly Hills, the lead agency, encourages public comment on the Draft EIR. The City Council will discuss the Draft EIR in a public meeting on Tuesday, January 6, 2009 and is expected to make a finding as to whether the final EIR has been completed in compliance with State environmental requirements on Thursday, January 22, 2009.

City Council Meetings:

DATES: Tuesday, January 6, 2009
Thursday, January 22, 2009

LOCATION: City Council Chambers
Beverly Hills City Hall
455 North Rexford Drive
Beverly Hills, California

TIME: 7:00 p.m.

PROJECT: **The Wallace Annenberg Center for the Performing Arts**
470 North Canon Drive

Public Parking Garage
455 North Crescent Drive

The draft EIR is being recirculated because, during public hearings before the Planning Commission and City Council, the proposed subterranean public parking garage component of the project was revised largely to improve ingress and egress and to increase the number of

parking spaces in the garage. The revised garage, along with the performing arts center, has become the Project reviewed in the DEIR. In order to provide the public with a meaningful opportunity to comment upon potential impacts related to the revised Project, the entire DEIR is being recirculated and the appendices containing technical information and other materials used in the preparation of this Recirculated EIR are also included. The public is invited to attend City Council meetings to comment on the findings regarding the environmental impacts addressed in the Recirculated Draft EIR on the dates and times noted above.

The City will circulate the DEIR and related Appendices to affected agencies, the public and other interested persons for a review period. The City has requested shortened review of the recirculated DEIR, thus the 30-day review period will commence on December 10, 2008 and end January 9, 2009. Comments on the EIR will be accepted at the January 6, 2009 public meeting and in writing prior to the **end of the public comment period at 5:00 p.m. on Friday, January 9, 2009**. If you challenge the City's action on the Project, you may be limited to raising only those issues you or someone else raised as part of the public hearing process for the Project.

Project Description:

- The rehabilitation and reuse of the City's former main Post Office into the Wallis Annenberg Center for the Performing Arts at 470 North Canon Drive. The Center would include:
 - A 500-seat auditorium
 - A studio/rehearsal hall for up to 150 occupants
 - Three classrooms (up to 60 occupants altogether)
 - A functional 3,400 square-foot entry hall
 - Administrative offices
 - Incidental food concession (750 square-foot plus outdoor seating)
 - Sculpture gardens, landscaped walkways, and open space

The performing arts center would involve the rehabilitation and reuse of the City's former main Post Office to house the classrooms, studio, ancillary activity space, administrative offices, and theater support areas. The Project also involves the construction of a new 43 foot, nine inch (43'-9") high theater and sculpture gardens on the southern portion of the Post Office site. The performing arts center is subject to the approval of a lease amendment for the Post Office site by the City Council.

- A City subterranean parking structure proposed at 455 North Crescent Drive, under Crescent Drive between the former Post Office and City Hall. The parking facility is proposed as a three-level garage with up to 500 parking spaces and the following points of access: two self-park driveways, one at Santa Monica Boulevard South and one on the east side of Crescent Drive adjacent to City Hall; and, a motor court at the north end of the site along Santa Monica Boulevard North that would be used for pick-up and drop-off activities and to access a valet driveway to the garage.

Copies of the Draft EIR will be available for public review beginning **Wednesday, December 10, 2008**, in the Community Development Department at 455 North Rexford Drive, Beverly Hills, California 90210. A copy of the Draft EIR will also be available for review at the Beverly Hills Public Library at 444 North Rexford Drive. One copy (per person or organization) or a cd of the Draft EIR may be obtained from the Community Development Department without charge. (Reproduction costs may be charged for additional copies.) The Draft EIR will also be posted on the City's Website at www.BeverlyHills.org on Thursday, December 11, 2008.

After evaluating the Project's potential effects on the environment, the recirculated Draft EIR has identified the following significant impacts: temporary traffic impacts during Project construction; traffic impacts at the intersection of Santa Monica Boulevard North and Wilshire Boulevard and at the intersection of Crescent Drive and Santa Monica Boulevard South; and, the Project was found to potentially contribute to cumulative environmental impacts with regard to greenhouse gas (GHG) emissions.

Copies of all relevant materials, including the Project plans and the environmental initial study are available for review in the offices of the Community Development Department of the City of Beverly Hills. If you have any questions regarding this Project, please contact Michele McGrath, Senior Planner, at 310.285.1135.



MICHELE MCGRATH
Senior Planner

DATED: December 10, 2008

Attachment 5

Public Parking Garage Plans
(bound separately)

Attachment 6

Draft Lease

AMENDED AND RESTATED LEASE

by and among the

CITY OF BEVERLY HILLS,
a municipal corporation,
as Landlord

WALLIS ANNENBERG CENTER FOR THE PERFORMING ARTS,
a California nonprofit public benefit corporation,
as Tenant, and

THE PARKING AUTHORITY OF THE
CITY OF BEVERLY HILLS,
a parking authority established pursuant to
the Parking Law of 1949 of
the State of California

AMENDED AND RESTATED LEASE

THIS AMENDED AND RESTATED LEASE ("Lease") is made and entered into as of the ____ day of January, 2009 (the "Effective Date"), by and among the CITY OF BEVERLY HILLS ("City"), a municipal corporation, WALLIS ANNENBERG CENTER FOR THE PERFORMING ARTS ("Tenant"), a California nonprofit public benefit corporation, formerly known as Beverly Hills Cultural Center Foundation, and for purposes of the provisions of this Lease that refer to the "Parking Authority," THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS, a parking authority established pursuant to the Parking Law of 1949 of the State of California (the "Parking Authority") (each, a "Party" and collectively, the "Parties").

RECITALS

- A. The City is the owner of the land described on Exhibit "A" attached hereto that is located in Beverly Hills, California and the improvements thereon (collectively the "Premises"). The Premises are generally depicted on the Site Plan attached hereto as Exhibit "A-1".
- B. The City and the Tenant are parties to a Lease dated March 28, 2000 for the Premises, supplemented by a Key Receipt and Use Acknowledgment dated November 3, 2000, and amended by a Lease Amendment dated January 28, 2003, a Lease Amendment II dated July 19, 2005 and a Lease Amendment III dated December 5, 2007 (collectively, the "Existing Lease").
- C. The Parking Authority is the owner of the area generally depicted on the Site Plan attached hereto as Exhibit "A-1" attached hereto and described thereon as the "Garage Area" (the "Garage Area").
- D. The City and Tenant desire to further amend the Existing Lease in several respects and have therefore agreed to amend and restate the Existing Lease. The Parking Authority has agreed to become a party to this Amended and Restated Lease for the purpose of constructing a parking garage in the Garage Area, which shall be available for use by Tenant to the extent set forth in this Lease.

AGREEMENT

NOW, THEREFORE, in reliance on the foregoing recitals and in consideration of the mutual agreements set forth in this Lease and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Tenant (and to the extent provided herein, the Parking Authority) hereby agree as follows (and this Lease shall supersede and replace the Existing Lease as of the date of this Lease):

1. Definitions.

1.1. Specific Definitions. As used in this Lease, the following words and phrases shall have the following meanings:

1.1.1. Alteration - any addition or change to, or modification of, the Property made by Tenant or the Garage made by the City or Parking Authority, and the installation of any and all exterior signs, but excluding installation of trade fixtures and equipment (including theater equipment, which can be removed without materially damaging the Property) and the Renovation and Construction Work.

1.1.2. Available Funds - any donated cash, pledges, letters of credit, and other forms of payment or commitments reasonably satisfactory to the City, and reasonably projected interest earnings on donated amounts given to Tenant for the purpose of constructing the Renovation and Construction Work.

1.1.3. Authorized Representative - any officer, agent, employee, or independent contractor retained or employed by either Party, acting within authority given the Authorized Representative by that Party.

1.1.4. Building - That certain building located on the Land which has been used historically as the Beverly Hills Post Office.

1.1.5. Effective Date - the date set forth in the first paragraph of this Lease.

1.1.6. Environmental Laws - means all federal, state, local and foreign laws and regulations relating to pollution or protection of human health or the environment, including, without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases of Hazardous Materials, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

1.1.7. Expiration - the coming to an end of the time specified in this Lease as its duration.

1.1.8. Funding Date - shall have the meaning set forth in Section 4.1 of the Work Letter attached hereto as Exhibit "C".

1.1.9. Hazardous Material - means any substance, material or waste which is or becomes regulated as hazardous/contaminating or potentially hazardous/contaminating by the United States government, the State of California, or any local or other governmental authority, including, without limitation, any material, substance or waste which is (i) defined as a "hazardous waste," "acutely hazardous waste," "restricted hazardous waste," or "extremely hazardous waste" under Sections 25115, 25117, or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code; (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code; (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code; (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code; (v) petroleum; (vi) asbestos; (vii) a polychlorinated biphenyl; (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Code of Regulations, Chapter 20;

(ix) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317); (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act (42 U.S.C. Section 6903); (xi) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601); or (xii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any government requirements either requires special handling in its use, transportation, generation, collection, storage, treatment or disposal, or is defined as “hazardous” or is harmful to the environment or capable of posing a risk of injury to the public health and safety.

1.1.10. Land - the land identified on Exhibit “A” attached hereto.

1.1.11. Law - any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any municipal, county, state, federal, or other government agency or authority having jurisdiction over the Parties or the Property, or both, in effect either at the time of execution of this Lease or at any time during the Term, including, without limitation, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities).

1.1.12. Person - a natural person or a legal entity.

1.1.13. Property - the Land and all improvements now or hereafter located on the Land.

1.1.14. Provision - any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in this Lease that defines or otherwise controls, establishes, or limits the performance required or permitted by either Party.

1.1.15. Site Plan - the site plan attached hereto as Exhibit “A-1”.

1.1.16. Studio – a new approximately 150 seat flexible rehearsal hall/studio theater to be constructed by Tenant within the Building.

1.1.17. Successor - any assignee, transferee, personal representative, heir, or other Person succeeding lawfully, and pursuant to the provisions of this Lease, to the rights or obligations of either Party.

1.1.18. Tenant - Wallis Annenberg Center for the Performing Arts, a California nonprofit public benefit corporation, and any Successor hereunder.

1.1.19. Term - the initial term of thirty-five (35) Lease Years beginning on the Funding Date and any extensions thereof as provided in Section 3.1 hereof.

1.1.20. Termination - the ending of the Term for any reason before Expiration.

1.1.21. Theater – A new theater building that is to be constructed on the Land in the area generally depicted on the Site Plan.

1.2. Other Definitions. The following additional terms are defined in the following Sections of this Lease:

1.2.1. Additional Disputes	Section 19
1.2.2. Adjustment Date	Section 8.1
1.2.3. Award	Section 11.1.3
1.2.4. Basic Rent	Section 4.1
1.2.5. City Indemnified Claims	Section 9.3
1.2.6. City Indemnified Parties	Section 9.2
1.2.7. City-Sponsored Event	Section 5.4
1.2.8. City's Landscaping Contribution	Section 8.1
1.2.9. City's Notice	Section 10.3.1
1.2.10. City Non-Profit Organization	Section 10.4
1.2.11. Condemnation	Section 11.1.1
1.2.12. Condemnor	Section 11.1.4
1.2.13. Cost of Improvements	Section 11.5.1
1.2.14. Date of Taking	Section 11.1.2
1.2.15. Disqualification Judgment	Section 19.11.1
1.2.16. EIR	Section 3.2
1.2.17. Garage	Section 2.2.1
1.2.18. Gross Error	Section 19.11.3
1.2.19. Index	Section 8.1
1.2.20. Initiating Party	Section 19
1.2.21. Insurance Renegotiation Date	Section 9.5
1.2.22. Lease Year	Section 3.1

1.2.23. Major Components of the Property	Section 17
1.2.24. Minimum Performances	Section 5.2
1.2.25. Parking Authority	Section 2.2.4
1.2.26. Parking Operating Agreement	Section 2.2.3
1.2.27. Party	Section 26.12
1.2.28. Performing Arts Center	Section 5.1
1.2.29. Permitted Uses	Section 5.1
1.2.30. Property Naming Request	Section 17
1.2.31. Renovation and Construction Work	Section 6.1
1.2.32. Rent	Section 4.1
1.2.33. Reply	Section 19.4(3)
1.2.34. Request For Arbitration	Section 19
1.2.35. Reserved Tenant Spaces	Section 2.2.3
1.2.36. Responding Party	Section 19
1.2.37. Supplemental Garage Contribution	Section 2.2.1
1.2.38. Taxes	Section 4.2.1
1.2.39. Tenant Indemnified Claims	Section 9.2
1.2.40. Tenant Indemnified Parties	Section 9.3
1.2.41. Tenant Parties	Section 9.2
1.2.42. Tenant's Garage Contribution	Section 2.2.1
1.2.43. Tenant's Notice	Section 10.2.1
1.2.44. Theater Operator	Section 13.2
1.2.45. Unamortized Improvement Value	Section 11.5
1.2.46. Work Letter	Section 2.2.1

2. Lease of Property.

2.1. Lease. For and in consideration of the covenants and conditions set forth in this Lease, the City hereby leases the Property to Tenant and Tenant leases the Property from the City for the Term on the terms and conditions stated in this Lease.

2.2. Parking.

2.2.1. Pursuant to the provisions of the work letter attached hereto as Exhibit "B" (the "Work Letter"), the Parking Authority shall construct a parking garage (the "Garage") under Crescent Drive adjacent to the Property in the area generally depicted on the Site Plan attached hereto as Exhibit "A-1". Tenant shall contribute to the cost of the construction of the Garage, as additional rent, an amount (the "Tenant Garage Contribution") equal to Five Million Dollars (\$5,000,000) in accordance with and subject to the provisions of Section 6 of the Work Letter.

2.2.2. Throughout the Term hereof, Tenant and Tenant's patrons shall have the right to use all or a portion of the Garage for parking at rates established in accordance with the Parking Operating Agreement (as defined below). Tenant and City acknowledge that City currently owns other public parking areas in the vicinity of the Property and may in the future own still other public parking areas in the vicinity of the Property, and the City agrees that Tenant and its patrons shall have the nonexclusive right on a first come first served basis, to use such public parking, to the extent available from time to time, at the charges for such parking then applicable thereto.

2.2.3. City (acting through its Director of Parking Operations) and Tenant shall, promptly following the execution of this Lease, use good faith efforts to finalize the terms of an operating agreement for the Garage setting forth the standards for the operation of the Garage and shall, from time to time during the term of the Lease, use good faith efforts to reach agreement on appropriate amendments to the same to reflect changes in the demand for parking and the uses to which the Property is being put. The foregoing agreement, when finalized, and as so amended from time to time shall be referred to herein as the "Parking Operating Agreement." Notwithstanding the foregoing, the Parking Operating Agreement shall at all times (unless City and Tenant have both consented to the contrary, which consent may be withheld by either Party in its sole and absolute discretion) contain provisions intended to achieve the following: (i) Tenant shall be guaranteed the right at all times to use not less than 100 parking spaces (the "Minimum Tenant Spaces"); (ii) if the City reasonably anticipates that the demand for parking by other than Tenant and Tenant's patrons will merit such a restriction, the City may from time to time, but only between the hours of 11:00 a.m. and 3:00 p.m. Monday through Saturday, restrict Tenant and Tenant's patrons to use only the Minimum Tenant Spaces; (iii) and if the City sells monthly daytime parking, it will be restricted to no later than 6 P.M., Monday through Friday (such monthly parkers being hereinafter referred to as the "Monthly Parkers"); and (iv) except for parking between the hours of 11:00 a.m. and 3:00 p.m. Monday through Saturday, Tenant shall have the right, if Tenant reasonably determines that the demand for parking by Tenant and Tenant's patrons will exceed the number of parking spaces provided by the Minimum Tenant Spaces, to

request to purchase (at least 24 hours in advance) parking not used by Monthly Parkers described in the preceding clause (iii) and the City shall use reasonable efforts to accommodate such request. The Parking Operating Agreement will be developed in a manner that protects the City's ability to offer limited-hour monthly parking and peak period (11a.m. – 3p.m.) transient parking in the City's Garage spaces while operating the off-hour operations of the Garage in a manner that prioritizes parking in favor of the activities of the Tenant on the Property. If the City (acting through its Director of Parking Operations) and Tenant are unable to agree upon the terms of the initial Parking Operating Agreement or subsequent modifications to the Parking Operating Agreement, the matter shall be determined by the City Council.

2.2.4. The Parking Authority or City may, at its own expense, make or construct, or cause to be made or constructed, Alterations to the Garage during the Term, provided that the Parking Authority and City shall not make any Alterations that materially adversely affect Tenant's operations (including, without limitation, the rights of Tenant set forth in this Section 2.2); provided that the City and Parking Authority may, as reasonably necessary to effect such Alterations, create temporary material adverse changes so long as the City or Parking Authority (as applicable) use reasonable efforts to minimize the impact on Tenant's business, including, without limitation, but only if necessary, using good faith efforts to provide alternative parking in City lots to compensate for any reduced parking capacity or utilization caused by such temporary changes.

2.2.5. The City agrees to contract with the Parking Authority to operate the Garage in accordance with the Parking Operations Plan, and the Tenant shall have the right to enforce the Parking Operations Plan directly against the Parking Authority.

2.3. Possession. Possession of the Property shall be delivered to Tenant on the Funding Date.

2.4. Condition of Property; Environmental Remediation. Tenant is not relying on any representation or warranty of any kind whatsoever, express or implied, from the City or any other governmental authority or public agency, or their respective agents or employees, as to any matters concerning the Property and/or the Building and is leasing the Property on an "as is" basis. Tenant hereby acknowledges receipt of that certain Phase I Environmental Site Assessment dated July 2, 2007 and revised August 28, 2007, prepared by Ninyo & Moore. The City will reimburse Tenant within thirty (30) days after written demand (with reasonable evidence of the costs incurred by Tenant) for all costs incurred by Tenant in remediating Hazardous Materials in connection with the Renovation and Construction Work up to a maximum reimbursement amount equal to \$240,000.

3. Term.

3.1. Term and Commencement Date. The Term shall be thirty-five (35) Lease Years commencing on the Funding Date (or, if Tenant elects to perform the

Renovation and Construction Work in Phases as permitted by the Work Letter, the first Funding Date). When the Funding Date has been determined, Tenant or the City may prepare and deliver to the other a supplemental agreement confirming the same and setting forth the Expiration of the Term. Promptly following such request, the parties shall jointly execute such supplemental agreement. As used herein, the term "Lease Year" shall mean a period of twelve (12) consecutive calendar months; provided, however, that if the Funding Date is other than the first day of a calendar month, the first Lease Year shall also include the period of time from the Funding Date to the last day of the calendar month in which the Funding Date occurs. Tenant may extend the Term for two consecutive periods of ten (10) years each by giving written notice of its election to do so to the City not later than one (1) year prior to the end of the then existing Term; provided, Tenant shall not be in default hereunder at the time of such exercise and shall have been in full compliance with the provisions of Sections 5.2 and 5.3 hereof during the two year period immediately prior to such exercise.

3.2. Environmental Review; Mitigation. The City represents and warrants that the City has undertaken all action required by the California Environmental Quality Act in order to enter into this Lease. The mitigation measures set forth in the environmental impact report prepared in connection with this Lease and adopted by the City (the "EIR") shall be allocated and performed as follows:

3.2.1. The Parking Authority shall, at its expense, be responsible for the performance of all mitigation measures required by the EIR that relate to the Garage; provided that Tenant shall reimburse the City within thirty (30) days after written demand, as additional rent, for one half of the cost associated with: (i) the construction of a right turn lane from Santa Monica Boulevard North onto Crescent Drive and (ii) the construction of a right turn lane from northbound Canon Drive onto Santa Monica Boulevard North.

3.2.2. Tenant shall, at its expense, be responsible for the performance of all other mitigation measures required by the EIR that relate to the Property or to the Renovation and Construction Work.

3.3. Additional Work by Parking Authority. The Parking Authority shall, at its expense (and without reimbursement from Tenant) construct a right turn lane from westbound Santa Monica Boulevard South onto northbound Canon Drive. The work described in Section 3.2 and this Section 3.3 that is to be performed by the Parking Authority is referred to herein (and in the Work Letter) as the "Offsite Improvements".

4. Rent.

4.1. Basic Rent and Rent. Tenant shall pay to the City as rent ("Basic Rent"), during the term of this Lease, the sum of One Hundred and No/100 Dollars (\$100.00) per year, payable in advance on the first business day of each calendar year. All amounts, costs, expenses, charges, liabilities, obligations or covenants required to be kept, undertaken or performed by Tenant hereunder including, without limitation, Tenant's obligation to complete the Renovation and Construction Work and Tenant's

obligations to pay for utilities and services pursuant to Section 7 hereof, shall constitute "Rent" hereunder.

4.2. Taxes.

4.2.1. Payment of Taxes. As additional Rent, Tenant shall pay directly to the appropriate taxing authorities (to the extent that Tenant is not exempted by Law) all real property taxes, possessory interest taxes, special taxes and assessments, if any, including without limitation, all property taxes on personal property located on the Property, all taxes on leasehold improvements, levied or assessed upon or against the Property, Tenant's interest in the Property or against Tenant during the Term (collectively "Taxes"). Such Taxes shall be paid before delinquency and before any fine, interest or penalty shall become due or be imposed by operation of Law for their non-payment, and Tenant shall promptly upon request furnish to the City satisfactory evidence establishing such payment.

4.2.2. Tenant's Right to Contest Taxes. Tenant at its cost shall have the right, at any time, to seek a reduction in the assessed valuation of the Property or to contest any Taxes that are to be paid by Tenant so long as reasonably adequate security is provided to the City to assure Tenant's compliance with this Section. If Tenant seeks a reduction or contests the Taxes, the failure on Tenant's part to pay the Taxes shall not constitute a default as long as Tenant complies with the provisions of this subsection. The City shall not be required to join in any such proceeding or contest brought by Tenant unless the provisions of any law require that the proceeding or contest be brought by or in the name of City or any owner of the Property. City shall cooperate with Tenant as reasonably required to enable Tenant to process any such proceeding or contest. Notwithstanding the foregoing, in no event shall the City be required to bear any out of pocket cost in connection with any such proceeding or contest.

4.2.3. Substitute and Additional Taxes. If at any time during the Term the State of California or any political subdivision of the state, including any county, city, city and county, public corporation, district, or any other political entity of this state, levies or assesses against the City a tax, fee, or excise on rents, on the square footage of the Property, on the act of entering into this Lease, or on the occupancy of Tenant, or any other tax, fee, or excise, however described, as a direct substitution in whole or in part for, or in addition to, any Taxes that Tenant would otherwise be obligated to pay pursuant to this Lease, Tenant shall pay before delinquency that tax, fee, or excise on rents.

4.3. Place for Payment. Basic Rent and any other Rent payable to the City shall be paid to the City at the address to which notices to the City are given.

4.4. Tax Credits for Historic Structures. In the event that the Building qualifies for tax credits applicable to historic structures, Tenant shall have the right to claim such credits, but only for the Renovation and Construction Work. If, in order to claim such tax credits, Tenant must cause its rights in and to the Building to be assigned to one or more entities that are controlled by Tenant, then provided the assignee and such

control are reasonably acceptable to City, Tenant shall have the right to do so (but only to the extent required to qualify for such tax credits and without thereby relieving itself of primary liability under the terms of this Lease) notwithstanding any provision of this Lease to the contrary. Further, if it is necessary to do so in order for Tenant to claim such tax credits, Landlord and Tenant shall consider an amendment to this Lease to extend the term of the Lease to fifty five (55) years (with no options to extend). The City Manager may execute such amendment without further review or approval by the City Council.

5. Use.

5.1. Use by Tenant. Tenant shall use the Property solely for the Renovation and Construction Work and, thereafter, for a first class center for the presentation of theatrical, educational and cultural works, music and other performing arts, lectures, and exhibitions (collectively, the "Performing Arts Center"), which may, at Tenant's option, include as ancillary facilities indoor/outdoor concession facilities, broadcast facilities, museum-quality gift shop, visitor center, office space for Tenant's operations, and uses incidental thereto, subject to the terms of Section 13 to the extent applicable (collectively, the "Permitted Uses"). Tenant may also permit other events (including, without limitation, fundraisers and similar gatherings) provided Tenant obtains a Special Events Permit pursuant to Title 8, Chapter 4 of the Beverly Hills Municipal Code or its successor, if such Special Events Permit is required under such law and provided further that such events do not become the primary use on the Property during any three (3) consecutive months. Except for public holidays, closures required by Law, and such closures as may be reasonably required for maintenance, setups and installations, and restoration purposes, Tenant shall make the great hall, the sculpture garden, the pedestrian walkway to Canon Drive, and other similar public areas designed to be generally available to the public open to the general public not less than forty (40) hours per week without charge except when closure is necessary or appropriate for security reasons, for purposes of preventing use of the Property that may detract from the first class nature of the Property, or as a result of performances or other events, subject to reasonable rules and regulations promulgated by Tenant.

5.2. Minimum Performances. The Theater shall have not less than four hundred (400) nor more than five hundred (500) seats. Tenant shall schedule and cause at least thirty-six (36) performances in the Theater during the first year after substantial completion of the Renovation and Construction Work, Tenant shall schedule and cause at least forty-eight (48) performances in the Theater during the second year after substantial completion of the Renovation and Construction Work, and, thereafter, Tenant shall schedule and cause at least seventy-two (72) performances in the Theater during each year of the Term (all of such required performances specified in this Section 5.2 are "Minimum Performances"); provided, however, that, if one or more closures are required in any years by Law, for maintenance purposes or for restoration purposes, the number of Minimum Performances required of Tenant in such year shall be reduced in proportion to the number of days of such closure(s) bears to the number of days in such year. All such Minimum Performances shall be before a paying audience (not including open rehearsals with an invited audience). In connection therewith, Tenant shall provide appropriate

publicity to promote ticket sales. The Minimum Performances shall be of a professional quality.

5.3. Educational Activities. Tenant shall cause a reasonable number of the Minimum Performances each year to be directed primarily towards juvenile audiences. In addition, Tenant shall communicate with Beverly Hills schools about its educational activities in order to provide opportunities at the Property for school children to be exposed to the performing arts as part of their education. These activities shall be specifically addressed in the reports to be filed with the City in accordance with Section 18 hereof. Tenant shall include in its reports required under Section 18 specific reference to its compliance with this Section 5.3.

5.4. City-Sponsored Events. The City shall have the right to sponsor up to fifteen (15) events in the Theatre, the Studio or any other interior portion of the Property during each calendar year. In addition, Tenant shall make the Theater, the Studio or any other interior portion of the Property available to the City for five (5) evenings per year for civic, charitable or public functions or events, and Tenant shall permit the City or its designee to use the Theater for the installation ceremony of the Mayor. Each of the foregoing uses shall be referred to herein as a "City-Sponsored Event." In order to reserve the Theater, the Studio or any other interior portion of the Premises for each City-Sponsored Event, the City shall advise Tenant of its desired date not less than 60 days and not more than 100 days in advance of the requested date. If such requested date conflicts with previously scheduled performances, rehearsals, or other events of Tenant, the City shall not be entitled to reserve such date, shall be so advised, and may request an alternate date. The City shall reimburse Tenant for out-of-pocket direct costs incurred by Tenant in connection with such events, such as janitorial, security and production costs, but not utilities. As a condition to use of any portion of the Property, (i) the City shall inform Tenant at the time of reserving the portion of the Property to be used for such City-Sponsored Event the nature and purpose of the City-Sponsored Event, (ii) the City shall indemnify and hold Tenant harmless from and against any claims made against Tenant arising from the City's use of the Property, and (iii) prior to the City-Sponsored Event, the City shall obtain and deliver to Tenant evidence of public liability and property damage insurance with liability limits of not less than Two Million Dollars (\$2,000,000) for any single occurrence and Three Million Dollars (\$3,000,000) in the aggregate, and property damage limits of not less than Five Hundred Thousand Dollars (\$500,000) per occurrence, insuring against all liability of the City arising out of and in connection with the City-Sponsored Event.

5.5. Restrictions on Use. Notwithstanding the foregoing:

5.5.1. Specific Restrictions and Prohibited Uses. Without expanding upon or enlarging the Permitted Uses, the following uses of the Property are expressly prohibited:

5.5.1.1. the Property shall not be used or developed in any way which is inconsistent with any applicable law, ordinance or regulation or which constitutes a nuisance; provided, however, that the foregoing shall not give the City the

right to promulgate laws, ordinances or regulations applicable solely to Tenant (as distinguished from laws, ordinances or regulations of general application) to effect unilateral modifications of the Lease that increase the obligations or reduce the rights of Tenant;

5.5.1.2. the Property shall not be used to conduct any activity that would qualify as an adult entertainment business, as the term “adult entertainment business” is defined in Section 4-7-102 of the Beverly Hills Municipal Code;

5.5.1.3. the placement of antennae or other external devices for the transmission or reception of television signals or any other form of electromagnetic radiation, unless the antenna or other external device is consistent with the City’s telecommunications regulations, including those applying to antennae, consistent with the City’s telecommunications master plan, and approved in writing by the City in accordance with Section 26.13.

6. Renovation of Property.

6.1. Renovation and Construction Work. Tenant shall complete the Renovation and Construction Work, as defined in, and in accordance with, the Work Letter. The Renovation and Construction Work shall be subject to the receipt by Tenant of all required governmental planning and entitlement approvals. Approval of plans for the Renovation and Construction Work by the City under the Work Letter shall be in addition to and unrelated to approvals required to be obtained from the Building Department of the City, and approval and review by the City in its capacity as landlord hereunder shall not be deemed to be assurance that such plans comply with applicable law or their adequacy for any other purpose. Tenant shall be solely responsible for all costs and expenses incurred in connection with the design, entitlement and construction of the Renovation and Construction Work. The City shall use good faith efforts to cause all reviews for the purposes of approvals hereunder to be undertaken by its staff in a timely manner considering the time commitments set forth in this Lease.

6.2. Historic Preservation. Tenant acknowledges that the Building has been listed on the National Register of Historic Places. As such, Tenant acknowledges that the Renovation and Construction Work and any Alterations by Tenant will be subject to a number of legal constraints. Tenant shall comply with all relevant preservation statutes and/or regulations. Tenant acknowledges that certain deed restrictions were imposed on the Property at the time it was transferred from the Federal Government and agrees that Tenant shall comply with those deed restrictions.

6.3. Permits and Other Approvals. Tenant shall be responsible for obtaining all permits, licenses and other governmental approvals necessary to perform the Renovation and Construction Work. Tenant shall comply with the fine arts requirements of the City and pay all applicable permit fees and taxes, including without limitation the Recreation and Park Tax.

6.4. Subsequent Alterations. Tenant may, at its own expense, make or construct, or cause to be made or constructed, Alterations to the Property during the Term in addition to the Renovation and Construction Work, provided that all such Alterations, shall be (i) consistent with, and within the scope of, the Permitted Uses set forth in Section 5.1, and (ii) made in accordance and compliance with all applicable laws. The obligations of Tenant to obtain the prior consent of the City shall be as set forth below.

6.4.1. Interior Alterations. Tenant shall have the right to make non-structural Alterations to the interior of any structure located on the Property without the prior consent of the City, provided, however, that Tenant shall first obtain the written consent of the City for such Alterations to the portions of the Building interior identified on the Site Plan as “Historic Areas.” Any disapproval of non-structural Alterations to such Historic Areas shall be based on recommendations provided to the City by a professional consultant selected by the City who satisfies the then-current United States Secretary of the Interior minimum professional qualifications in “historic architecture”, which recommendations shall accompany the City’s disapproval of the proposed Alterations. All structural Alterations shall require the City’s prior written consent.

6.4.2. Exterior Alterations; New Structures. Tenant shall first obtain the written consent of the City as Landlord (through its Administrative Services Department) for any Alterations not covered by Section 6.4.1; however, Landlord’s consent shall not be required for normal replacements of landscaping and paving. Tenant’s requests for such Alterations for which Landlord’s consent is required, shall be filed with the Community Development Department of the City in the form prescribed by such department. The Director of Community Development or the Director's designee may approve the Alteration if the Director or Director's designee determines that it substantially conforms to the design in the plans for the Renovation and Construction Work previously approved by the City Council, do not violate any provision of this Lease, and have only a minor impact on the appearance of the Property. The Director or the Director's designee may refer to the Architectural Commission any Alteration that the Director or designee deems appropriate for review by the Commission due to the size, location, or other characteristics or impacts of the Alteration. Such Alterations shall be reviewed in the same way that other projects are reviewed by the Architectural Commission. Any other Alterations, including changes to any approved outdoor dining, may be approved by the Director of Community Development or the Director's designee if they substantially conform to the design in the plans for the Renovation and Construction Work approved by the City Council, do not violate any provision of this Lease, have only a minor impact on the appearance of the Property, and have no other material impact on the community. Alternatively, the Director or the Director’s designee may refer any proposed Alteration to the Planning Commission for review. If the Community Development Director or the Director's designee refers an Alteration to the Planning Commission, then the Planning Commission shall consider the proposed Alteration pursuant to the procedure for review of Development Plan Review applications and shall approve the Alteration if the Commission makes the findings necessary to approve a Development Plan Review application. The decision of the Planning Commission may be appealed to the City Council by Landlord or Tenant.

6.4.3. Alterations During Last Five Years of Term.

Notwithstanding anything herein to the contrary, the City shall have the right to approve all Alterations to the Property during the last five (5) years of the Lease Term, as the same may have been extended.

6.5. Protection of City. Nothing in this Lease shall be construed as constituting the consent of the City, express or implied, to the performance of any labor or the furnishing of any materials or any specific improvements, Alterations or repairs to the Property or any part thereof by any contractor, subcontractor, laborer or materialman, nor as giving Tenant or any other person any right, power or authority to act as agent of or to contract for, or permit the rendering of, any services, or the furnishing of any materials, in any such manner as would give rise to the filing of mechanics' liens or other claims against the Property or the City.

6.5.1. Posting Notices. The City shall have the right at all reasonable times and places to post and, as appropriate, keep posted, on the Property any notices which the City may deem necessary for the protection of the City or the Property from mechanics' liens or other claims. Tenant shall give the City at least thirty (30) days prior written notice of the commencement of any work to be done on the Property, in order to enable the City timely to post such notices.

6.5.2. Prompt Payment. Tenant shall make, or cause to be made, prompt payment of all monies due and owing to all persons doing any work or furnishing any materials or supplies to Tenant or any of its contractors or subcontractors in connection with the Property. Tenant shall have the right to contest any such amount; provided, however, the entire expense of any such contest (including interest and penalties which may accrue) shall be the responsibility of Tenant.

6.5.3. Liens; Indemnity. Tenant shall keep the Property free and clear of all mechanics' liens and other liens arising out of or in connection with work done for Tenant and/or any parties claiming through Tenant. Tenant agrees to and shall indemnify, defend and hold the City harmless from and against any claims, liabilities, losses, damages, costs, expenses, and attorneys' fees incurred in connection with stop notices and/or claims of lien(s) of laborers or materialmen or others for work performed or materials or supplies furnished to Tenant or persons claiming under it. In the event any lien is recorded, Tenant shall, within five (5) business days after demand, furnish the bond described in California Civil Code Section 3143, or successor statute, which results in the removal of such lien from the Property, together with any other evidence requested by the City to evidence that such claim will be paid, removed or discharged.

7. Utilities and Services. Tenant shall make all arrangements for and pay for all other utilities furnished to or used on the Property, including, without limitation, electricity, water, gas, telephone, cable and internet service and janitorial service, and for all connection charges. The City shall cooperate with Tenant and the utility providers as reasonably necessary to enable Tenant to obtain such utility connections.

8. Maintenance.

8.1. Maintenance of Landscaping. Tenant shall maintain the landscaping of the Property at its sole cost and expense (subject to the contribution of the City set forth in the next sentence). The City shall contribute the amount of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) each month during the term of this Lease to the costs incurred by Tenant in maintaining the landscaping (the "City's Landscaping Contribution"). The City's Landscaping Contribution shall be paid to Tenant in advance, on the first day of each month, commencing on the Funding Date; provided, however, that, if the Funding Date is other than the first day of a calendar month, the City's Landscaping Contribution for the period from the Funding Date to the last day of the calendar month in which the Funding Date occurs shall be prorated based on the number of days from the Funding Date to the last day of the calendar month in which the Funding Date as a fraction of the number of days in such calendar month. On the first day of the second and each subsequent Lease Year (each, an "Adjustment Date"), the City's Landscaping Contribution shall be adjusted to equal the product obtained by multiplying the amount of the City's Landscaping Contribution in effect immediately prior to the Adjustment Date in question by a fraction, the numerator of which shall be the Index (as defined below) in effect on the Adjustment Date in question, and the denominator of which shall be the Index in effect on the date twelve (12) months prior to the Adjustment Date in question. As used herein, the term "Index" shall mean the Consumer Price Index for All Urban Consumers (Los Angeles/Orange County/Riverside Area: Base 1982-84 = 100), as published by the United States Department of Labor. The landscaping shall be maintained in a condition at least as well as that maintained for the landscaping on the City Hall across the street from the Property. The landscaping proposed in connection with the Renovation and Construction Work shall be subject to the approval of the City as set forth in the Work Letter. All subsequent material changes to the landscaping shall be subject to the City's prior written consent in accordance with Section 6.4.1.

8.2. Maintenance of Property. Subject to the City's obligation to cause the appurtenant portions of the Garage located on the Property to be maintained pursuant to Section 8.3, Tenant shall, throughout the Term, at Tenant's sole cost and expense, maintain and operate the Property and every part thereof (including making all replacements as necessary), including, without limitation, the roof, exterior walls and foundations, all plumbing, electrical, HVAC systems, fixtures, windows, doors, skylights, entrances, vestibules, structural parts, interior walls, and ceilings, in good, neat, clean and attractive condition and repair, ordinary wear and tear excepted. Tenant shall maintain the Property in accordance with and shall comply with all applicable Laws (including, without limitation, the Americans with Disabilities Act), rules, ordinances, orders and regulations of (1) federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus and officials; (2) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction over the Property; and (3) all insurance companies insuring all or any part of the Property under policies required by this Lease. Tenant's maintenance obligations specifically include without limitation responsibility for making any improvements or Alterations required to be made to the Property pursuant to new or

amended Laws, such as (but not limited to) those relating to handicapped access. If Tenant fails to maintain the Property in accordance with its obligations hereunder, and such failure shall continue for a period of thirty (30) days following written notice from the City demanding that Tenant comply with its maintenance obligations and if disputed by Tenant, such failure is confirmed by arbitration under Section 19, then (unless the failure to maintain has created an emergency, in which case no notice or arbitration confirmation shall be required), the City shall have the right but not the obligation to perform the applicable maintenance; provided, however, that, in the absence of an emergency, if the nature of the maintenance in question requires more than thirty (30) days to complete, the City shall not have the right to perform the same so long as Tenant has commenced such maintenance and is thereafter diligently prosecuting the same to completion. If the City performs such maintenance, it shall deliver an invoice Tenant for the actual cost thereof, which invoice shall be supported by reasonable documentation substantiating the cost of repair thereof, and shall be paid by Tenant within thirty (30) days. In connection with any maintenance that would materially and adversely affect Tenant's operations, City shall use good faith efforts to provide alternative parking in City lots if necessary to alleviate the material adverse affect.

8.3. Maintenance of Garage. The City shall, throughout the Term, at the City's sole cost and expense, cause the Garage and every part thereof to be maintained (including making all replacements as necessary) in good, neat, clean and attractive condition and repair, ordinary wear and tear excepted, and to be operated in accordance with the provisions of the Parking Operating Agreement. The foregoing maintenance and operating obligations shall include those portions of the Garage and appurtenant facilities located on the Property, including all driveways, Garage ramps, and pedestrian access points, but not the motor court areas, which shall be maintained, repaired and replaced by Tenant; however, if the City uses the motor court for a valet operation or for a self-park entrance to the Garage for the public, then the City shall equitably share in the cost of maintaining, repairing and replacing the motor court area. City shall have the right to enter onto such portions of the Property to effect such maintenance and operation at reasonable times; provided that the City shall use reasonable efforts to minimize disturbance to the operations of Tenant. The City's maintenance obligations specifically include without limitation responsibility for making any improvements or alterations required to be made to the Garage pursuant to new or amended Laws, such as (but not limited to) those relating to handicapped access. If the City fails to maintain the Property in accordance with its obligations hereunder in such a way as to materially adversely impact Tenant's operations, and such failure shall continue for a period of thirty (30) days following written notice from Tenant demanding that the City comply with its maintenance obligations, and if disputed by City such failure is confirmed by arbitration under Section 19, then (unless the failure to maintain has created an emergency, in which case no notice or arbitration confirmation shall be required), Tenant shall have the right but not the obligation to perform the applicable maintenance; provided, however, that, in the absence of an emergency, if the nature of the maintenance in question requires more than thirty (30) days to complete, Tenant shall not have the right to perform the same so long as the City has commenced such maintenance and is thereafter diligently prosecuting the same to completion. If Tenant performs such maintenance, it shall invoice the City for the actual cost thereof, which

invoice shall be supported by reasonable documentation substantiating the cost of repair thereof. Tenant's invoice shall be paid by the City within thirty (30) days following receipt.

8.4. Waiver. Tenant waives the provisions of Civil Code Sections 1941 and 1942 with respect to the City's obligations for tenantability of the Property and Tenant's right to make repairs and deduct the expenses of such repairs from Rent.

8.5. Nuisance. Tenant shall not conduct or permit to be conducted any private or public nuisance on or about the Property, nor commit any waste thereon. No rubbish, trash, waste, residue, brush, weeds or undergrowth or debris of any kind or character shall ever be placed or permitted to accumulate upon any portion of the Property required to be maintained by Tenant, except in appropriate receptacles intended for such purposes, nor shall any portion of the Property be maintained so as to render the Property a fire hazard or unsanitary, unsightly, offensive, or detrimental nor shall any similar activity be permitted by Tenant on any other portion of the Property.

8.6. Protection of Great Hall Murals. Tenant shall take all appropriate action to preserve and protect the murals in the great hall of the Building. In the event of any dispute concerning the actions necessary to preserve and protect the murals, the City shall retain a consultant with experience protecting murals, who shall be reasonably satisfactory to Tenant, to provide recommendations concerning the appropriate protection of the murals, and Tenant shall abide by such recommendations.

9. Indemnity and Exculpation; Insurance.

9.1. Exculpation of City. Tenant waives all claims against the City for damage to Person or property arising for any reason other than the intentional torts or gross negligence of the City or its Authorized Representatives; provided, however, that the foregoing shall not limit the City's obligations or the rights of Tenant set forth elsewhere in this Lease. Tenant, as a material part of the consideration to the City, hereby agrees that neither the City nor any City Indemnified Parties shall be liable to Tenant for, and Tenant expressly assumes the risk of and waives any and all claims it may have against the City or any City Indemnified Parties with respect to, any and all damage to property or injury to persons in, upon or about the Property resulting from any act or omission of the City or of any City Indemnified Party (whether or not negligent) or from any other cause whatsoever, including without limitation, any injury or damage to persons or property resulting from any casualty, explosion, falling plaster or other masonry or glass, steam, gas, electricity, water or rain which may leak from any part of the Property or any other portion of the Property or from the pipes, appliances or plumbing works therein or from the roof, street or subsurface or from any other place, or resulting from dampness, or any other cause whatsoever; provided, however, that the foregoing shall not limit the City's obligations or the rights of Tenant set forth elsewhere in this Lease. Notwithstanding anything to the contrary contained in this Lease, neither City nor any City Indemnified Parties shall be liable for consequential damages arising out of any loss of the use of the Property or any equipment or facilities therein by Tenant

or any Tenant Parties. Tenant shall use reasonable efforts to give prompt notice to the City in case of fire or accidents in the Property.

9.2. Tenant's Indemnification. Except as otherwise provided in this Lease, Tenant shall be liable for, and shall indemnify, defend and hold harmless the City and the City's officers, employees, agents, successors and assigns (collectively, "City Indemnified Parties"), from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities and expenses, including attorneys' fees, charges and disbursements and court costs (collectively, "Tenant Indemnified Claims"), arising or resulting from (i) any act or omission of Tenant or any of Tenant's agents, employees, contractors, subtenants, assignees, licensees or invitees (collectively, "Tenant Parties"); (ii) the use of the Property and conduct of Tenant's business by Tenant or any Tenant Parties or any other activity, work or thing done, permitted or suffered by Tenant or any Tenant Parties, in or about the Property; and/or (iii) any default by Tenant of any obligations on Tenant's part to be performed under the terms of this Lease, exclusive of any Tenant Indemnified Claims to the extent arising out of or in connection with the negligence or willful misconduct by the City or its employees, contractors, or agents (acting within the scope of their relationship with the City). Except as otherwise provided in this Lease, in case any action or proceeding is brought against the City or any City Indemnified Parties by reason of any such Tenant Indemnified Claims, Tenant, upon notice from the City, shall defend the same at Tenant's expense by counsel reasonably approved in writing by the City. Except as otherwise provided in this Lease, the obligation of Tenant to indemnify, defend and hold harmless the City Indemnified Parties under this Section 9.2 shall survive the expiration or earlier termination of this Lease.

9.3. The City's Indemnification. Except as otherwise provided in this Lease, but without limiting any other obligations of the City pursuant to this Lease, the City shall be liable for, and shall indemnify, defend and hold harmless Tenant and Tenant's officers, employees, agents, successors and assigns (collectively, "Tenant Indemnified Parties"), from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities and expenses, including attorneys' fees, charges and disbursements and court costs (collectively, "City Indemnified Claims"), to the extent arising or resulting from the construction, maintenance and operation of the Garage and the appurtenant Garage facilities located on the Property, exclusive of any Tenant Indemnified Claims to the extent arising out of or in connection with the negligence or willful misconduct by Tenant or its employees, contractors, or agents (acting within the scope of their relationship with Tenant). Except as otherwise provided in this Lease, in case any action or proceeding is brought against Tenant or any Tenant Indemnified Parties by reason of any such City Indemnified Claims, the City, upon notice from Tenant, shall defend the same at the City's expense by counsel reasonably approved in writing by Tenant. Except as otherwise provided in this Lease, the obligation of the City to indemnify, defend and hold harmless the Tenant Indemnified Parties under this Section 9.3 shall survive the expiration or earlier termination of this Lease.

9.4. Required Insurance Coverages.

9.4.1. During the Term of this Lease, Tenant shall, at its cost, purchase and keep in force public liability and property damage insurance with liability limits of not less than Two Million Dollars (\$2,000,000) for any single occurrence and Three Million Dollars (\$3,000,000) in the aggregate, and property damage limits of not less than Five Hundred Thousand Dollars (\$500,000) per occurrence, insuring against all liability of Tenant arising out of and in connection with Tenant's use or occupancy of the Property and Worker's Compensation insurance in the amounts required by applicable Law. Such liability insurance shall include and cover, in a manner reasonably acceptable to the City, liability relating to the serving of alcohol. Additionally, prior to any production to be staged on the Property that includes unusual risk, such as controlled fire, pyrotechnics, engulfing or entrapping material such as water or any other such unusual production components, Tenant shall ensure that, to the extent the same is customary for theatrical productions featuring such matters, Tenant has in place such additional insurance coverage as is customary for theatrical productions featuring such matters. Further, if requested from time to time by the City's Risk Manager, Tenant shall provide evidence of such additional coverage.

9.4.2. During the Term of this Lease, Tenant shall, at its cost, purchase and keep in force a policy of casualty insurance on the Building and the Theater, with vandalism and malicious mischief endorsements, to the extent of "full replacement value" (as described in Section 9.7 hereof), subject to a retention or deductible approved by the City in its reasonable discretion, and naming City as loss payee. All of such insurance shall be placed and maintained with such insurance company or companies and in such form as shall be reasonably satisfactory to the City. If permitted by the City's casualty insurance policy, Tenant shall have the right to include all or a portion of the improvements on the Property within the coverage provided by the City's policy, in which event Tenant shall reimburse the City from time to time, as additional rent, for the additional cost of the City's policy triggered by such inclusion within thirty (30) days after written request from City given from time to time. The City shall reasonably cooperate in connection with the proposed inclusion of improvements on the Property, including obtaining from time to time as requested by Tenant quotes from the City's insurer for such inclusion. Tenant shall have no duty to purchase earthquake insurance.

9.4.3. During the Term of this Lease, the City or Parking Authority shall, at its cost, purchase and keep in force (i) public liability and property damage insurance with liability limits of not less than Two Million Dollars (\$2,000,000) for any single occurrence and Three Million Dollars (\$3,000,000) in the aggregate, and property damage limits of not less than Five Hundred Thousand Dollars (\$500,000) per occurrence, insuring against all liability of the City and Parking Authority arising out of and in connection with the operation of the Garage, (ii) Worker's Compensation insurance in the amounts required by applicable Law, and (iii) a policy of casualty insurance on the Garage, with vandalism and malicious mischief endorsements, to the extent of "full replacement value" (as described in Section 9.7 hereof), subject to a retention or deductible determined by City. In any event, the City and Parking Authority

shall have the right to self-insure Workers' Compensation and the first \$1,000,000 in casualty damage; provided that any casualty covered by such self-insurance shall be subject to the waiver of subrogation set forth in Section 9.10 as though it had been covered by insurance. In the event of a covered casualty, and without limiting the obligations of the City and Parking Authority set forth elsewhere in this Lease, the City (or if it so elects, the Parking Authority) shall receive the proceeds from such casualty insurance policy.

9.4.4. All public liability insurance and property damage insurance maintained by Tenant shall insure performance by Tenant of the indemnity provisions this Lease. All public liability insurance and property damage insurance maintained by the City shall insure performance by the City of the indemnity provisions of this Lease. The policies of casualty insurance required hereunder shall provide extended coverage, insuring against loss or damage by fire, lightning and the additional perils included in the standard extended coverage endorsement, as well as those included in the "all risk" policy, and burglary and theft insurance on the trade fixtures, furnishings and equipment used or to be used by the insuring party on the Property or the Garage, as applicable. Either party shall have the right to provide its required insurance coverage pursuant to one or more blanket policies, provided such blanket policies expressly afford the coverage that would otherwise be required by this Lease.

9.4.5. During periods of construction on the Property, Tenant or Tenant's contractor will provide completed value builder's risk insurance reasonably satisfactory to the City, together with (i) broad form liability and breach of warranty coverages by endorsement; and (ii) non owned, non hired automotive liability coverage with a policy limit of One Million Dollars (\$1,000,000). Such insurance shall name City as loss payee. During periods of construction on the Garage, the City or the City's contractor will provide completed value builder's risk insurance reasonably satisfactory to Tenant, together with (i) broad form liability and breach of warranty coverages by endorsement; and (ii) non-owned, non-hired automotive liability coverage with a policy limit of One Million Dollars (\$1,000,000).

9.4.6. The City and "the Beverly Hills City Council and each member thereof and every officer, employee and agent of the City of Beverly Hills" shall be named as additional insureds on all public liability insurance policies required by this Lease to be maintained by Tenant, and Tenant shall be named as an additional insured on all public liability insurance policies required by this Lease to be maintained by the City. All such policies shall contain cross-liability endorsements.

9.4.7. A certificate evidencing all insurance coverages required by this Lease to be maintained by Tenant, in such form as shall be reasonably acceptable to the City, shall be filed with the City no later than five (5) business days after the effective date thereof and such policy or policies shall provide that such insurance coverages will not be canceled or reduced without at least thirty (30) days prior written notice to the City or ten (10) business days in case of cancellation for failure to pay the premium. At least ten (10) business days prior to the expiration of such policies, a certificate showing that such insurance coverages have been renewed shall be filed with

the City. A certificate evidencing all insurance coverages required by this Lease to be maintained by the City, in such form as shall be reasonably acceptable to Tenant, shall be delivered to Tenant no later than five (5) business days after the effective date thereof and such policy or policies shall provide that such insurance coverages will not be canceled or reduced without at least thirty (30) days prior written notice to Tenant or ten (10) business days in case of cancellation for failure to pay the premium. At least ten (10) business days prior to the expiration of such policies, a certificate showing that such insurance coverages have been renewed shall be delivered to Tenant.

9.5. Increase in Amount of Public Liability Insurance. The amounts of liability insurance coverages required by this Section 9 shall be subject to renegotiation on each fifth anniversary of the Funding Date (each, an “Insurance Renegotiation Date”). If the City and Tenant cannot agree upon the amount of insurance by the sixtieth (60th) day preceding an Insurance Renegotiation Date, the matter shall be submitted to binding arbitration in accordance with Section 19. In no event shall the amounts of liability insurance and/or property damage insurance, as applicable, be decreased as a result of such renegotiation or arbitration. Following such renegotiation or arbitration, the Parties shall execute an amendment to this Lease setting forth the renegotiated insurance provisions or the arbitration judgment, as appropriate.

9.6. Required Provisions. All insurance policies required by this Section 9 shall be for a term of not less than one (1) year and shall additionally provide:

9.6.1. that the full amount of any losses to the extent public liability insurance proceeds are available shall be payable to additional insureds notwithstanding any act, omission or negligence of Tenant or the City which might otherwise result in forfeiture of such insurance;

9.6.2. in any casualty insurance policy, a waiver of all right of subrogation against Tenant and the City, and the City’s officers, agents, employees and volunteers with respect to losses payable under such policies;

9.6.3. in any casualty insurance policy, that such policies shall not be invalidated should the insured waive, prior to a loss, any or all right of recovery against any Party for losses covered by such policies;

9.6.4. that the liability policies shall provide coverage on a “primary basis” with respect to time additional insureds, regardless of any other insurance or self-insurance that such additional insureds may elect to purchase or maintain;

9.6.5. that such policies shall not be suspended, voided, canceled, reduced in coverage or in limits or materially changed without at least thirty (30) days prior written notice to Tenant and the City or ten (10) business days in case of cancellation for failure to pay the premium;

9.6.6. that the liability insurance shall apply separately to each insured against whom a claim is made, except with respect to the overall limits of said insurer's liability; and

9.6.7. that such liability policies shall contain no special limitations on the scope of protection afforded to the additional insureds, and no failure to comply with the reporting provisions of such liability policies shall affect the coverage afforded to such additional insureds.

9.7. Determination of Replacement Value. The "full replacement value" of the improvements to be insured under the fire and extended coverage insurance required by Sections 9.4.2 and 9.4.3 shall be determined by each company issuing the insurance at the time their respective policies are initially obtained. Not more frequently than once each year, either Party shall have the right to notify the other Party that it elects to have the replacement value redetermined by an insurance company. The redetermination shall be made promptly and in accordance with generally recognized standards and practices of the insurance industry, and each Party shall be promptly notified of the results by the company. The insurance policy shall be adjusted according to the redetermination.

9.8. Proceeds of Fire and Extended Coverage Insurance. All casualty insurance proceeds payable with respect to the Building, and with respect to all improvements existing as of the Funding Date (as distinguished from insurance proceeds payable for any other improvement on the Property, for any of Tenant's personal property, furniture, fixtures and equipment, and for any tenant improvements made to the Building at Tenant's expense) shall be made payable to the City. All other insurance proceeds shall be made payable to Tenant. However, unless Tenant elects to terminate this Lease or to not restore the Building in accordance with, and subject to the terms of, Section 10.2, the City shall place the proceeds payable to the City in an interest bearing account at a financial institution reasonably acceptable to Tenant, with interest thereon to be added to and to become a part of the same, and apply such proceeds to repair and reconstruct the Building as required by Section 10.2, using the following procedures:

9.8.1. Within six (6) months after the date of the destruction, Tenant shall submit to the City complete plans and specifications, which shall be designed to restore the Building as close to the original plan and elevation thereof as is practical and reasonable or to such modified plan conforming to laws and regulations then in effect as shall be first approved in writing by the City. The City within thirty (30) days after submission thereof shall either approve the plans and specifications or serve written notice upon Tenant of disapproval thereof and its objections thereto. If the City reasonably objects to such plans and specifications, Tenant shall revise the same and re-submit for approval in accordance with the foregoing. This process shall be repeated until such time as plans and specifications have been submitted to the City for which the City does not have a reasonable objection.

9.8.2. Tenant shall furnish to the City a copy of any contract or contracts which Tenant shall enter into for the making of such restoration; or, if the

restoration is to be done by Tenant, a copy of all subcontracts made by Tenant in connection with such restoration and an estimate of the cost thereof, both in stages and upon completion, which shall be certified by the architect of Tenant as being reasonably accurate.

9.8.3. During the progress of restoration from time to time as may be agreed upon, and subject to Tenant's compliance with the requirements set forth in Section 9.8.4, the City shall pay to Tenant out of such proceeds, the amounts payable under the construction contract for work done, materials supplied and services rendered. Such payments shall be made not later than the date ten (10) days following request for disbursement. All of such restoration work shall be subject to the provisions of this Lease with respect to the Renovation and Construction Work.

9.8.4. At the time of each such request for advance by Tenant and as a condition precedent thereto,

(1) Tenant shall submit a certificate signed by Tenant and the architect of Tenant not more than thirty (30) days prior to such request setting forth the following:

(A) that the sum then requested either has been paid by Tenant or is justly due to contractors, subcontractors, engineers, architects, or other Persons who have rendered services or furnished materials for the restoration therein specified; the names and addresses of such Persons, a brief description of such services and materials, the several amounts so paid or due to each of said Persons in respect thereof; and that the sum then requested does not exceed the value of the services and materials described in the certificate;

(B) that the cost, as estimated by the Persons signing such certificate, of the restoration required to be done subsequent to the date of such certificate in order to complete the same, does not exceed the insurance money, plus any amount deposited by Tenant to defray such cost and remaining in the hands of the City after payment of the sum requested in such certificate (provided, however, that such certification shall not be required if Tenant has given a Tenant Notice pursuant to Section 10.2.1 and the City has agreed to fund the applicable shortfall); and

(C) that all of the work of restoration so far completed is proper and in accordance with the plans and specifications; and

(2) there shall not have been filed with respect to the Property or any part thereof or upon Tenant's leasehold interest therein any vendor's, mechanic's, laborer's, materialmen's or other similar lien, which has not been discharged of record, except such as will be discharged by payment of the amount then requested, subject to Tenant's rights to contest upon posting of adequate security.

9.8.5. At the completion of the restoration and following disbursement of the final advance to Tenant required to complete the payment of restoration costs, any such insurance proceeds remaining shall be delivered to Tenant. In

no event, however, shall the City be liable for any amount in excess of the amounts so received, plus interest thereon, and in the event that the cost of restoration exceeds the proceeds of insurance so held, Tenant shall pay such additional cost (unless Tenant has given a Tenant Notice pursuant to Section 10.2.1 and the City has agreed to fund the applicable shortfall, in which case the City shall pay such additional cost. All actual costs and charges of the City incurred under this Section shall be borne by the City.

9.9. Other Required Insurance. Each Party shall also procure and maintain in form and coverage satisfactory to the other Party:

9.9.1. boiler and machinery insurance if available at reasonable cost; and

9.9.2. other insurance (except earthquake), in amounts from time to time required by the other Party, against other insurable risks, if at the time they are commonly insured against for properties similarly situated and if such insurance is available at a reasonable cost.

9.10. Waiver of Subrogation. The Parties release each other, from any claims for damage to any Person or to the Property and to the fixtures, personal property, and Alterations of either in or on the Property and the Garage that are caused by or result from risks insured against under any insurance policies required by this Lease to be maintained by the Parties or otherwise carried by the Parties and in force at the time of any such damage to the extent that such insurance policies cover such claim (or would have covered such claim but for the failure of a Party to maintain required insurance). Each Party shall cause its insurance policies obtained by it to provide that the insurance company waives all rights of recovery by way of subrogation against the other Party in connection with any damage covered by any policy.

9.11. Failure to Procure Insurance. Failure of either Party to procure or renew the herein required insurance shall, if not cured within two (2) days after written notice from the other Party, constitute a default hereunder. In the event of a Party's failure to maintain required insurance, in addition to the other rights and remedies provided hereunder, the other Party may, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by the other Party shall promptly be repaid by Party who has failed to maintain the required insurance, with interest thereon at the rate of 10% per annum. Payment of such interest shall not excuse or cure any default under this Lease. Further, in the event of Tenant's failure to maintain such insurance, in addition to the other rights and remedies provided hereunder, during the period of such failure no performances or events may be held on the Property.

9.12. No Release of Insurers. The Parties' covenants, agreements and indemnification in Section 9 are not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by the City or Tenant, respectively, pursuant to the Provisions of this Lease.

10. Destruction.

10.1. Lease to Govern Tenant's Rights. The Parties agree that their rights in case of destruction shall be governed solely by the Provisions of this Lease.

10.2. Restoration by Tenant.

10.2.1. If, during the Term, the Building and/or the Theater are totally or partially destroyed, Tenant shall promptly commence and thereafter diligently pursue to completion restoration of each to a condition as comparable as the same was in immediately before the destruction to the extent such restoration is economically feasible; provided, however, that if the destruction is such that the insurance proceeds available to Tenant (or that would have been available to Tenant but for Tenant's failure to maintain the insurance required by this Lease), together with the deductible or retention applicable to such policy, are insufficient to cover the cost of such reconstruction as reasonably determined by Tenant, Tenant shall have the right, at its option, in lieu of such restoration (i) to terminate this Lease, or (ii) in the case of substantial damage to the Building for which there are insufficient insurance proceeds, to elect not to restore the Building, but to otherwise keep this Lease in full force and effect. Tenant and the City shall cooperate with one another to determine the estimated cost of restoration and the resulting shortfall, and Tenant shall make either of the foregoing elections by delivering written notice ("Tenant's Notice") to the City of such determination within a reasonable time following the calculation of the estimated cost of restoration and resulting shortfall in funds.

10.2.2. If Tenant elects to terminate the Lease pursuant to Section 10.2.1, such termination shall be effective on the date sixty (60) days following delivery of Tenant's Notice unless the City elects, by delivering written notice to Tenant within such sixty (60) day period, to fund the shortfall. If the City timely delivers notice of its election to fund the shortfall, Tenant's Notice shall be deemed withdrawn and of no further force or effect, and Tenant shall have the obligation to restore the damaged structure(s), subject to the City's funding of the estimated shortfall in accordance with the provisions of Section 10.2.4.

10.2.3. If Tenant elects not to restore the Building pursuant to Section 10.2.1, the City shall have a period of sixty (60) days following delivery of Tenant's Notice within which to elect to fund the shortfall. If the City timely delivers notice of its election to fund the shortfall, Tenant's Notice shall be deemed withdrawn and of no further force or effect, and Tenant shall have the obligation to restore the damaged structure(s), subject to the City's funding of the shortfall in accordance with the provisions of Section 10.2.4.

10.2.4. If the City has elected to fund the shortfall in accordance with Section 10.2.2 or 10.2.3, the City shall, within thirty (30) days thereafter, place an amount equal to the shortfall estimated by Tenant in Tenant's Notice into an account with the financial institution holding the insurance proceeds deposited in accordance with the provisions of Section 9.8. In reconstructing the Building and/or the Theater, insurance proceeds shall first be used for the reconstruction, and, when such funds have been

exhausted, the City shall apply funds from the foregoing account. If, upon completion of the restoration, there are funds remaining in such account, those funds shall be returned to the City. If the funds in such account are not sufficient to complete the restoration, the City shall be responsible for paying such additional amounts as are required for such completion.

10.2.5. If Tenant has elected not to restore the Building but to keep the Lease in effect pursuant to Section 10.2.1, and the City has not elected to fund the shortfall, Tenant shall take such steps as are reasonably necessary to prevent further damage to the Building and cause the same to be secured so as to prevent public access thereto; provided, however, that if the damage to the Building is so severe as to make the foregoing not cost effective, Tenant shall instead cause the remaining portions of the Building to be razed and the Building site to be cleared of rubble and returned to a level pad.

10.2.6. In reconstructing the Building and/or the Theater, Tenant shall comply with the conditions precedent to the commencement of Renovation and Construction Work set forth in the Work Letter. In the event the insurance proceeds and other funds available to Tenant, in the reasonable judgment of the City, are insufficient to pay for the cost of restoration, the City shall have the right to terminate this Lease, provided that Tenant shall have the right, within a reasonable period of time, to provide reasonable evidence to the City that Tenant has the ability to fund the shortfall and to commit to reconstruct the Building and Theater within a reasonable period of time, in which case City shall not have the right to terminate.

10.2.7. If either the City or Tenant elects to terminate this Lease pursuant to this Section, all insurance proceeds payable with respect to such destruction shall be assigned and/or delivered to the City to the extent the same cover the Building structure, and Tenant shall be entitled to retain all proceeds payable for all other structures, Tenant's personal property, trade fixtures, tenant improvements, loss of business and relocation costs, if any.

10.3. Restoration by City.

10.3.1. If, during the Term, the Garage is totally or partially destroyed, the City shall promptly commence and thereafter diligently pursue to completion restoration of the Garage to a condition as comparable as the Garage was in immediately before the destruction to the extent such restoration is economically feasible; provided, however, that if the destruction is such that the insurance proceeds available to the City are insufficient to cover the cost of such reconstruction as reasonably determined by the City, the City shall have the right, at its option, in lieu of such restoration, to elect not to restore the Garage; provided, further, that if the sole reason for the insufficiency of insurance proceeds is that the City has self-insured a portion of the risk or has a deductible or retention, as permitted by this Lease, then the City shall not make such election unless the City determines the City has other public needs for the funds and such needs relate to the casualty that caused the damage. The City shall make the foregoing election by delivering written notice (the "City's Notice") to Tenant of such

determination within a reasonable time following the City's calculation of the estimated cost of restoration, which notice shall set forth the City's calculation of the shortfall in funds.

10.3.2. If the City elects not to restore the Garage pursuant to Section 10.3.1, Tenant shall have a period of sixty (60) days following delivery of the City's Notice within which to elect to fund the shortfall estimated by the City in the City's Notice. If Tenant timely delivers notice of its election to fund the shortfall, the City's Notice shall be deemed withdrawn and of no further force or effect, and the City shall have the obligation to restore the Garage, subject to Tenant's funding of the shortfall in accordance with the provisions of Section 10.3.3.

10.3.3. If Tenant has elected to fund the shortfall in accordance with Section 10.3.2, Tenant shall, within thirty (30) days thereafter, place an amount equal to the shortfall estimated by the City in the City's Notice into an account with a financial institution reasonably acceptable to the City and Tenant, which account shall be jointly controlled by the City and Tenant. In reconstructing the Garage, the City shall first apply funds provided by its insurer to the reconstruction, and, when such funds have been exhausted, shall apply funds from the foregoing joint account, and Tenant shall reasonably cooperate with the City to make such funds available as required to pay the cost of restoration. If, upon completion of the restoration, there are funds remaining in such account, those funds shall be returned to Tenant.

10.4. Termination by City; Other Available Parking. If City elects not to restore the Parking Garage under Section 10.3.1 and Tenant does not elect to fund the shortfall under Section 10.3.1, then City shall use good faith efforts to make available, in other City public parking garages in the vicinity of the Premises, public parking for Tenant's patrons on a first-come, first served basis at the public parking rate then applicable to such parking.

10.5. Tenant's Right to Terminate. Tenant shall have the right, upon giving not less than thirty (30) days written notice to the City at any time, to terminate this Lease at any time prior to the Parking Authority's commencement of construction of the Garage or after the completion of the Building. Tenant shall have no liability or obligations hereunder from and after the date of such termination but shall not be released from obligations or liabilities incurred up to such date. In such event, Tenant shall surrender the Property in accordance with the provisions of Section 22. If, at the time of such termination, the Renovation and Construction Work is not yet completed, Tenant shall transfer all remaining Available Funds to the City concurrently with such termination, to the extent it is lawfully permitted to do so pursuant to the pledge restrictions affecting the Available Funds that shall have been disclosed to the City as of the applicable Funding Date, and the City shall deliver such funds to a City Non-Profit Organization. As used herein, the "City Non-Profit Organization" shall mean a 501(c)(3) corporation designated by the City for the purpose of completing the Renovation and Construction Work and/or Garage (and Tenant Garage Specification Work) and/or operating the Property. Additionally, if at the time of such termination, the Tenant has failed to timely make any payment of the Tenant Garage Contribution or the Garage

Specification Funds, then to the extent of such payments not made by Tenant, the Available Funds may be used by the City Non-Profit Organization to construct (or fund the construction of) the Garage.

11. Condemnation; Termination of Lease by City as Result of Condemnation.

11.1. Definitions.

11.1.1. Condemnation. “Condemnation” means (1) the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor and (2) a voluntary sale or transfer by the City to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

11.1.2. Date of Taking. “Date of Taking” means the date the Condemnor has the right to possession of the property being condemned.

11.1.3. Award. “Award” means all compensation, sums, or anything of value awarded, paid, or received on a total or partial condemnation.

11.1.4. Condemnor. “Condemnor” means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

11.2. Rights and Obligations Governed by Lease. If during the Term there is any taking of all or any part of the Property or any interest in this Lease by Condemnation, the rights and obligations of the Parties shall be determined pursuant to this Section 11.

11.3. Total Taking.

11.3.1. Effect on Lease. If the Property is totally taken by Condemnation, this Lease shall terminate on the Date of Taking. If the City’s interest in the Property is taken, this Lease shall remain in effect. If the Tenant’s interest under this Lease is taken by City or an entity controlled by or related to City, then this Lease shall terminate.

11.3.2. Distribution of Award. Upon a total taking by any entity other than the City or an entity controlled by or related to the City (including, without limitation, a community redevelopment agency), any Award for or on account of the Property shall be allocated to the Parties in accordance with their respective interests in the Property (and, without limiting Tenant’s rights, such allocation shall take into consideration Tenant’s Garage Contribution).

11.4. Partial Taking.

11.4.1. Tenant’s Right to Terminate. If any portion but less than all of the Property is taken by Condemnation, this Lease shall remain in effect, except that Tenant can elect to terminate this Lease if the portion of the Property not so taken cannot be so repaired or reconstructed, taking into consideration the amount of the Award

available for repair, so as to be suitable for Tenant's continued use of the Property for the same use as the Property was being used immediately prior to the taking, all as reasonably determined by Tenant.

11.4.2. Restoration of Property. If there is a partial taking of the Property and this Lease remains in full force and effect pursuant to Section 11.4.1, the Award shall be made available to Tenant for restoration of the remainder of the Property. In making such restoration, Tenant shall comply with the conditions precedent to the commencement of Renovation and Construction Work set forth in the Work Letter. Any portion of the Award remaining after such restoration shall be allocated to the Parties in accordance with their respective interests in the Property.

11.4.3. Distribution of Award. If there is a partial taking of the Property by the City or an entity controlled by or related to the City (including, without limitation, a community redevelopment agency) and Tenant elects to terminate this Lease pursuant to Section 11.4.1, the Award shall be allocated to the Parties in accordance with their respective interests in the Property (and, without limiting Tenant's rights, such allocation shall take into consideration Tenant's Garage Contribution).

11.5. Special Provisions Governing City Takings. To the extent permitted by Law, the City, for itself and for or any entity controlled by or related to the City (including, without limitation, a community redevelopment agency), hereby agrees that a total taking of the Tenant's interest in this Lease or a partial taking that would give Tenant a right to terminate this Lease pursuant to Section 11.4.1 shall only be effected if the City reasonably determines that (a) the overriding public interest or necessity requires the City to take possession of the Property, (b) the City's proposed use of the Property is planned and located in a manner that will be most compatible with the greatest public good and least private injury, and (c) the Property is necessary for the City's overriding proposed use. Further, if the taking results in a termination of this Lease, the City and Tenant hereby stipulate to an Award for the Tenant's interest in this Lease, which will be paid solely to Tenant, that is the greater of (i) the Award determined by the court for such taking, or (ii) the "Unamortized Improvement Value," the amount of which shall be calculated in accordance with the following:

11.5.1. As used herein, the term "Cost of Improvements" shall mean the sum of (i) all amounts expended by Tenant for the Renovation and Construction Work, including all hard and soft costs, (ii) all amounts subsequently expended by Tenant for other improvements and Alterations to the Property, including all hard and soft costs, and (iii) Tenant's Garage Contribution.

11.5.2. The Cost of Improvements shall be amortized over a number of years equal to the number of remaining Lease Years (including the twenty (20) Lease Years attributable to Tenant's options to extend the Term) at a rate of interest equal to the prime rate of interest as published in the Wall Street Journal plus two percent (2%) in effect as of the date of each completion of such Improvement. The Unamortized Improvement Value shall be equal to the sum obtained by adding the unamortized values calculated in accordance with the foregoing two sentences as of the Date of Taking.

If the taking results in a termination of this Lease, the City shall use good faith efforts to find a suitable replacement property owned by the City for the conduct of Tenant's business.

12. Covenant of Nondiscrimination. Tenant herein covenants by and for itself, its successors, assigns, and sublessees and all persons claiming under or through them, and this Lease is made and accepted upon and subject to the condition that, there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, age, physical handicap, medical condition, sex, marital status, sexual preference, national origin or ancestry in the subleasing, transferring, use, occupancy, tenure or enjoyment of the Property herein leased nor shall Tenant itself, or any person claiming under or through it, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Tenant, lessees, sublessees, subtenants or vendees in the Property. Tenant agrees to include in each assignment, sublease and other contract entered into by it with respect to the Property a covenant by the assignee, sublessee or other contracting party to the same effect as Tenant is obligated in the preceding sentence.

13. Prohibition Against Voluntary Assignment, Subletting, and Encumbering.

13.1. City's Consent Required. Tenant acknowledges that the City is entering into this Lease based on the non-profit character, stated purpose, and quality of the members of the Board of Directors of Tenant. Consequently, except as provided in this Section 13 or as permitted by Section 25, Tenant shall not assign (including, without limitation, by operation of Law) or transfer its interest in this Lease or in the Property (or any interest, right or privilege therein), or sublease all or any part of the Property, or allow any other person or entity (except Tenant's Authorized Representatives) to occupy or use on a continuous basis all or any part of the Property, without first notifying the City in writing and obtaining the City's prior written consent, which consent may be granted or withheld in the City's sole and absolute discretion. Nothing herein shall grant the City the right to approve any of Tenant's employees or staff members.

13.2. Theater Operator. Notwithstanding anything in this Lease to the contrary, the City shall not have the right to approve persons or entities to whom portions of the Premises have been turned over in the normal course of business for the production or staging of theatrical, educational and cultural works, music and other performing arts, lectures, exhibitions, and similar events; provided, however, that the City shall have the right to approve any Theater Operator (as defined below), which approval shall not be unreasonably withheld. As used herein, the term "Theater Operator" shall refer to an independent third party with whom Tenant contracts to (i) operate all or substantially all of the Performing Arts Center for an extended period of time; or (ii) the Theater and/or the Studio for an extended period of time. The City shall not withhold its consent to Theater Operator based upon the nature or content of any past, present or future performance, lecture, presentation, show, exhibition or similar event, or series of such events.

13.3. Standards for Withholding Consent. Notwithstanding anything in this Lease to the contrary, the City shall not withhold its consent to any sublease, concession, license agreement or other arrangement unless the City reasonably determines that (a) the proposed subtenant, concessionaire or licensee is not financially solvent, or (b) the operations of the proposed subtenant, concessionaire, or licensee would be inconsistent with the high quality of establishments in the City of Beverly Hills.

13.4. Deemed Approval. To the extent that the City's consent to a sublease, concession, license agreement or other arrangement is required under this Section 13, the City's failure to provide Tenant its written disapproval of the arrangement within thirty (30) days after its receipt of a copy of the agreement relating to such arrangement shall be deemed to constitute the City's approval of the same.

13.5. No Waiver. No consent to any assignment, transfer or sublease shall constitute a further waiver of the Provisions of this Section. Tenant shall reimburse the City for the reasonable out-of-pocket costs of legal, financial and/or other analyses as well as the City's actual out-of-pocket costs incurred in connection with a proposed transaction whether or not the City ultimately grants its approval of the proposed assignment.

14. Compliance with Environmental Laws.

14.1. Tenant's Covenant. Tenant shall not cause or permit any Hazardous Material to be placed, released, used or disposed of on, under or at the Property or any part thereof or disposed of or discharged from the Property into the atmosphere, soil or any watercourse, body of water or wetlands, at any time during the Term, except in the manner permitted by applicable Law (including, without limitation, use of cleaning solvents, toner cartridges, etc. in the ordinary course of business). The foregoing shall not, without limitation, make Tenant liable for any Hazardous Material located on the Property as of the commencement of the Term (provided that Tenant shall properly handle, contain and/or dispose of the same as necessary in connection with its Renovation and Construction Work and any subsequent Alterations), nor shall Tenant have liability to the City for Hazardous Materials that migrate under the Property from adjacent property.

14.2. Violation of Tenant's Covenant. If Tenant causes or permits any Hazardous Material to be placed, released, used or disposed of on, under or at the Property in violation of Tenant's covenant set forth in Section 14.1 above, Tenant shall contain, abate or control such Hazardous Material and, if necessary, remove and dispose of same in accordance with all applicable Environmental Laws and other Laws. If Tenant fails to undertake such action within (a) thirty (30) days after Tenant's receipt of written notice from the City requiring Tenant to undertake such action (or such longer period as reasonably may be required, provided Tenant is diligently attempting to complete such action), or (b) such shorter period as may be required by any Environmental Law or other law, the City may (but shall not be obligated to) cause such action to be taken by a third party contractor or contractors after giving Tenant at least ten (10) days' notice of its intention to do so, and the amount of any cost or expense therefor

shall be paid immediately by Tenant. If the City makes any payment or incurs any costs or expenses in connection therewith, such amounts, together with interest thereon from the date paid by the City, shall be deemed Rent, payable by Tenant to the City on demand.

14.3. Indemnification. Tenant hereby indemnifies the City and agrees to defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims which at any time or from time to time may be paid, incurred or suffered by, or asserted against, the City, its officers, employees and agents for, with respect to or as a direct or indirect result of, the violation by Tenant of its covenant contained in Section 14.1 above. Except as otherwise provided in this Lease, Tenant's liabilities for the undertakings and indemnifications set out in this Section 14 shall survive the Termination or the Expiration, as applicable, of this Lease.

15. Default.

15.1. Tenant's Default. The occurrence of any of the following shall constitute a default by Tenant:

15.1.1. failure to pay Rent or any other payment required to be made by Tenant hereunder as and when due (including, without limitation, any installment of the Tenant Garage Contribution), and such failure continues for ten (10) days after written notice from the City to Tenant;

15.1.2. abandonment of the Property or the leasehold estate by Tenant;

15.1.3. the subjecting of any right or interest to attachment, execution, or other levy, or to seizure under legal process, if not released within ninety (90) days;

15.1.4. an assignment by Tenant for the benefit of creditors or the filing of a voluntary or involuntary petition 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 the assignment or proceeding, and all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within ninety (90) days after the assignment, filing, or other initial event;

15.1.5. the appointment of a receiver, unless such receivership is terminated within ninety (90) days after the appointment of the receiver, to take possession of Tenant's interest in the Property or of Tenant's interest in the leasehold estate or of Tenant's operations on the Property for any reason, including but not limited to, assignment for benefit of creditors or voluntary or involuntary bankruptcy proceedings, but not including receivership instituted by the City, the event of default being not the appointment of a receiver at the City's insistence but the event justifying the receivership; and

15.1.6. failure to perform any other covenant or Provision of this Lease, if the failure to perform is not cured within thirty (30) days after written notice. If the failure to perform cannot reasonably be cured within thirty (30) days, Tenant shall not be in default of this Lease if Tenant promptly commences to cure the failure to perform within the thirty (30) day period and thereafter diligently and in good faith prosecutes the cure to completion.

Any notice required to be given by the City to Tenant under this Section 15.1 shall specify in reasonable detail the event or act or failure to perform complained of by the City and the applicable Provision of this Lease which Tenant is alleged to have violated, shall be given in accordance with the provisions of Section 15, and shall demand that Tenant perform the provisions of this Lease within the applicable period of time provided for herein or quit the Property.

15.2. Remedies.

15.2.1. Cumulative Nature of Remedies. If any default by Tenant shall continue uncured, following notice of default as required by this Lease, for the period, if any, applicable to the default under the applicable provision of this Lease, the City shall have the remedies described in this Section 15.2 and all other remedies as may be provided at law.

15.2.2. Termination. The City may, at the City's election, terminate this Lease by giving Tenant notice of Termination. In the event the City terminates this Lease, the City may recover possession of the Property (which Tenant shall surrender and vacate upon demand) and remove all persons and property therefrom, and the City shall be entitled to recover as damages the worth at the time of the award of any unpaid Rent or other charges which have been earned at the time of Termination and any damages incurred by the City as a result of a failure by Tenant to perform its obligations hereunder but not any consequential damages. As used in this Section 15.2.2, the "worth at the time of the award" shall be computed by allowing interest at a rate equal to the lesser of (i) one hundred thirty three and one third percent (133 1/3%) of the prime rate as published in the Wall Street Journal, and (ii) the maximum rate at the time of the award that a non-exempt lender is permitted to charge on loans for any use other than for personal, family or household purposes, under California Constitution Article XV, Section 1, as now in effect or hereafter from time to time amended.

15.2.3. Failure to Make a Garage Payment. In the event the Tenant fails to cure a failure by Tenant to timely pay an installment of the Tenant Garage Contribution under Section 6 of the Work Letter or the Garage Specification Funds, then in addition to the City's other remedies at law, in equity and under this Lease, Tenant hereby expressly agrees that City shall be entitled to obtain an injunction, upon ex parte application by City (with a copy delivered to the Tenant) to any California state court with jurisdiction, enjoining the Tenant's construction of the Renovation and Construction Work and the expenditure by Tenant of any funds for costs of designing or constructing the same, it being understood that absent the Tenant's full Tenant Garage Contribution and Garage Specification Funds, the City and Parking Authority will need to use some or

all of Tenant's remaining funds to construct the Garage and the Tenant Garage Specification Work.

15.2.4. Assignment of Subrents. Tenant assigns to the City all subrents and other sums falling due from subtenants, licensees, permittees, and concessionaires (herein called subtenants) during any period in which the City has the right under this Lease, whether exercised or not, to reenter the Property for Tenant's default, and Tenant shall not have any right to such sums during that period. The City may at the City's election reenter the Property with or without process of law, without terminating this Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors. The City shall receive and collect all subrents and proceeds from reletting, applying to the payment of reasonable expenses of the City.

15.2.5. City's Right to Cure Tenant's Default. At any time after Tenant is in default, the City may, but is not obligated to, cure such default at Tenant's cost. If the City at any time, by reason of such default by Tenant, pays any sum or does any act, the sum paid by the City plus the reasonable cost of performing such act shall be due as additional Rent immediately at the time the sum is paid or the act performed. No such payment or act shall constitute a waiver of default or of any remedy for default or render the City liable for any loss or damage resulting from any such act.

15.2.6. City's Default. The City shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within thirty (30) days after written notice by Tenant to the City specifying wherein the City has failed to perform such obligation; provided, however, that if the nature of the City's obligation is such that more than thirty (30) days are required for its performance then the City shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently and in good faith prosecute the cure to completion.

16. City's Entry on Property.

16.1. Generally. The City and its Authorized Representatives shall have the right to enter the Property at all reasonable times and after reasonable notice (except for emergencies) for any of the following purposes:

16.1.1. to determine whether the Property is in good condition and whether Tenant is complying with its obligations under this Lease;

16.1.2. to do any necessary maintenance and to make any restoration to the Property that the City has the right to perform and/or to abate any dangerous condition which exists thereon;

16.1.3. to serve, post, or keep posted any notices required or allowed under the provisions of this Lease; and

16.1.4. for any other purposes acting in its capacity as the City of Beverly Hills, irrespective of its position as landlord hereunder.

The City shall conduct its activities on the Property as allowed in this section in a manner that will cause the least inconvenience, annoyance, or disturbance to Tenant as reasonably possible.

17. Fund Raising; Security Interest of City. In connection with its fund raising activities, Tenant may grant naming rights to portions of the Property to donors, but no naming rights to Major Components of the Property shall be granted without the prior approval of the City. City acknowledges that the naming of the Wallis Annenberg Center for the Performing Arts has been approved by the City, as have the names “Goldsmith,” “Tisch” and “Lovelace” in connection with the Theater, the sculpture garden and the Studio, respectively. Tenant shall submit a written request to the City (a “Property Naming Request”) requesting approval of a name or list of names in connection with one or more of the Major Components of the Property. The City shall have ten (10) days following its receipt of a Property Naming Request to approve or disapprove such request. The City’s failure to disapprove any Property Naming Request within such ten (10) day period shall be deemed its approval thereof. Following termination or expiration of this Lease for any reason, the City shall continue to honor any naming of the Property or any portion of the Property permitted by this Lease so long as the Property or the portion of the Property continues to exist. This covenant shall survive the termination (whether by Tenant or the City) or expiration of this Lease and shall be enforceable by any donor or his or her family, or their respective heirs, successors or assigns, whose name has been placed upon the Property or a portion of the Property. For the purposes of this Lease the following shall be deemed to be the “Major Components of the Property”: The Theatre, the Building, the Studio and great hall located within the Building, the sculpture garden, the education courtyard and the promenade terrace. Donated cash for the Renovation and Construction Work shall be deposited in one or more interest bearing accounts with a financial institution reasonably approved by the City. Without limitation, the City hereby approves City National Bank. Tenant shall grant to the City a security interest in all such funds and accounts to secure the obligations of Tenant hereunder to complete the Renovation and Construction Work and pay the Tenant Garage Contribution and the Garage Specification Funds and shall take all actions necessary or appropriate to perfect such security interest (including executing and causing City National Bank to execute a control agreement with respect to the account); provided, however, that, (i) notwithstanding such security interest, unless Tenant is in default under the terms of this Lease beyond applicable notice and grace periods, Tenant shall have full and unhindered access to the funds in such accounts to withdraw and apply such cash to the Renovation and Construction Work, (ii) such security interest shall expire and be of no further force or effect upon completion of the Renovation and Construction Work and Tenant’s payment of the Tenant Garage Contribution and the Garage Specification Funds, and (iii) in the event that City shall elect to exercise its rights as a secured creditor, City shall deliver such cash to a City Non-Profit Organization. In the event the City fails to comply with the provisions of subpart (iii) in the immediately preceding sentence, the City shall indemnify, defend and hold harmless all contributors of cash that is not distributed to qualified 501(c)(3)

organizations in connection with the exercise of the City's rights as secured party for any adverse tax consequences to such contributors as a result of the City's failure to comply with such subpart (iii).

18. Operation of Tenant/Reports. Tenant shall operate in a manner which preserves its status as an organization exempt from federal income tax under Section 501(c)(3) at all times. On or before the date that is 120 days following the end of each of Tenant's fiscal years, Tenant shall file a report on its activities for the previous year with the City, which report shall include, without limitation: (a) the names and addresses of all directors and members of the executive committee of Tenant, (b) a balance sheet and operating statement for the preceding year, (c) copies of the current articles of incorporation and bylaws of Tenant, and (d) a brief narrative description of the activities of the Performing Arts Center during the previous year. At all times during the Term, not less than a majority of the Board of Directors of Tenant and not less than a majority of the Executive Committee of the Board of Directors of Tenant shall be comprised of individuals whose principal residence is located in the City of Beverly Hills. Tenant shall establish methods of electing directors which provide opportunities for interested qualified members of the community to apply for service on the Board of Directors of Tenant from time to time. The City shall have the right to have the City Manager or a representative appointed by the City Manager and one member of the City Council attend all meetings of the Board of Directors of Tenant on a non-voting basis (except with respect to matters involving internal organization, employee relations, matters relating to the relationship of Tenant and the City, and legal matters). In addition, the City shall have the right to have a representative present at all meetings of committees of the Board of Directors which relate to overseeing the Renovation and Construction Work. Tenant shall give prior written notice to the City of all such meetings.

19. Arbitration. Except as otherwise provided by this Section 19, disputed matters under this Lease shall be settled by binding arbitration in accordance with the then existing provisions of the California Arbitration Act, which as of the date hereof is contained in Title 9 of Part III of the California Code of Civil Procedure, commencing with Section 1280. Either Party (the "Initiating Party") may initiate the arbitration process by sending written notice ("Request for Arbitration") to the other Party (the "Responding Party") requesting initiation of the arbitration process and setting forth a brief description of the dispute or disputes to be resolved and the contention(s) of the Initiating Party. Within ten (10) days after service of the Request for Arbitration, the Responding Party shall file a response setting forth the Responding Party's description of the dispute and the contention(s) of Responding Party. If Responding Party has any "Additional Disputes" it shall follow the format described for the Initiating Party. The Initiating Party will respond within ten (10) days after service of the Additional Disputes setting forth Initiating Party's description of the Additional Disputes and contentions regarding the Additional Disputes. Notwithstanding anything to the contrary which may now or hereafter be contained in the California Arbitration Act, the Parties agree that the following provisions shall apply to any and all arbitration proceedings conducted pursuant to this Lease:

19.1. Selection of Arbitrator. The Parties shall attempt to agree upon an arbitrator who shall decide the matter. If, for any reason, the Parties are unable to agree upon the arbitrator within ten (10) days of the date the Initiating Party serves a request for arbitration on the Responding Party, then at any time on or after such date either Party may petition for the appointment of the arbitrator as provided in California Code of Civil Procedure Section 1281.6.

19.2. Arbitrator. The arbitrator shall be a retired judge of the California Superior Court, Court of Appeal or Supreme Court, or any United States District Court or Court of Appeals located within the State, who has agreed to resolve civil disputes.

19.3. Scope of Arbitration. The City and Tenant affirm that the mutual objective of such arbitration is to resolve the dispute as expeditiously as possible. The arbitration process shall not apply or be used to determine issues other than (i) those presented to the arbitrator by the Initiating Party provided those disputes are arbitrable disputes pursuant to this Lease, (ii) Additional Disputes presented to the arbitrator by the Responding Party, provided that any such Additional Disputes constitute arbitrable disputes pursuant to this Lease, and (iii) such related preliminary or procedural issues as are necessary to resolve (i) and/or (ii) above. The arbitrator shall render an award. Either Party may, at its sole cost and expense, request a statement of decision explaining the arbitrator's reasoning which shall be in such detail as the arbitrator may determine. Unless otherwise expressly agreed by the Parties in writing, the award shall be made by the arbitrator no later than the sooner of six (6) months after the date on which the arbitrator is selected by mutual agreement or court order, whichever is applicable, or five (5) months after the date of a denial of a petition to disqualify a potential arbitrator for cause. The City and Tenant hereby instruct the arbitrator to take any and all actions deemed reasonably necessary, appropriate or prudent to ensure the issuance of an award within such period. Notwithstanding the foregoing, failure to complete the arbitration process within such period shall not render such arbitration or any determination made therein void or voidable; however, at any time after the expiration of the foregoing five (5) or six (6) month periods, as applicable, either Party may deliver written notice to the arbitrator and the other Party either terminating the arbitration or declaring such Party's intent to terminate the arbitration if the award is not issued within a specified number of days after delivery of such notice. If the arbitrator's award is not issued prior to the expiration of said specified period, the arbitration shall be terminated and the Parties shall recommence arbitration proceedings pursuant to this Section 19.

19.4. Section 1282.2. The provisions of Code of Civil Procedure Section 1282.2 shall apply to the arbitration proceedings except to the extent they are inconsistent with the following:

- (1) Unless the Parties otherwise agree, the arbitrator shall appoint a time and place for the hearing and shall cause notice thereof to be served as provided in said Section 1282.2 not less than ninety (90) days before the hearing, regardless of the aggregate amount in controversy.

(2) No later than sixty (60) days prior to the date set for the hearing (unless, upon a showing of good cause by either Party, the arbitrator establishes a different period), in lieu of the exchange and inspection authorized by Code of Civil Procedure Section 1282.2(a)(2)(A), (B) and (C), the Parties shall simultaneously exchange the following documents by personal delivery to each other and to the arbitrator:

(a) a written Statement of Position, as further defined below, setting forth in detail that Party's final position regarding the matter in dispute and specific numerical proposal for resolution of monetary disputes;

(b) a list of witnesses each Party intends to call at the hearing, designating which witnesses will be called as expert witnesses and a summary of each witness's testimony;

(c) a list of the documents each intends to introduce at the hearing, together with complete and correct copies of all of such documents; and,

(d) if the issue involves a valuation matter, a list of all written appraisal evidence (as defined below) each intends to introduce at the hearing, together with complete and correct copies of all of such written appraisal evidence.

(3) No later than twenty (20) days prior to the date set for the hearing, each Party may file a reply to the other party's Statement of Position ("Reply"). The Reply shall contain the following information:

(a) a written statement, to be limited to that Party's rebuttal to the matters set forth in the other party's Statement of Position;

(b) a list of witnesses each Party intends to call at the hearing to rebut the evidence to be presented by the other Party, designating which witnesses will be called as expert witnesses;

(c) a list of the documents each intends to introduce at the hearing to rebut the evidence to be presented by the other party, together with complete and correct copies of all of such documents (unless, upon a showing of good cause by either party, the arbitrator establishes a different deadline for delivering true and correct copies of such documents);

(d) if the issue involves a valuation matter, a list of all written appraisal evidence, or written critiques of the other Party's written appraisal evidence if any, each intends to introduce at the hearing to rebut the evidence presented by the other Party, together with complete and correct copies of all of such written appraisal evidence (unless, upon a showing of good cause by either Party, the arbitrator establishes a different

deadline for delivering true and correct copies of such written appraisal evidence); and

(e) Witnesses or documents to be used solely for impeachment of a witness need not be identified or produced.

(4) The arbitrator is not bound by the rules of evidence, but may not consider any evidence not presented at the hearing. The arbitrator may exclude evidence for any reason a court may exclude evidence or as provided in this Lease.

19.5. Statements of Position. Where the dispute involves insurance levels or other monetary amounts, the Statements of Position shall numerically set forth the monetary amounts in dispute, insurance level and/or other monetary amounts, and shall additionally set forth the facts supporting such Party's position.

19.6. Evidence. The provisions of Code of Civil Procedure Section 1282.2(a)(2)(E) shall not apply to the arbitration proceeding. The arbitrator shall have no discretion to allow a Party to introduce witnesses, documents or written appraisal evidence (other than impeachment testimony) unless such information was previously delivered to the other Party in accordance with Section 19.4, or such evidence consists of a transcript of a deposition of an expert witness conducted pursuant to Section 19.7. Notwithstanding the foregoing, the arbitrator may allow a Party to introduce evidence which, in the exercise of reasonable diligence, could not have been delivered to the other party in accordance with Section 19.5, provided such evidence is otherwise permissible hereunder.

19.7. Discovery. The provisions of Code of Civil Procedure Section 1283.05 shall not apply to the arbitration proceedings except to the extent incorporated by other sections of the California Arbitration Act which apply to the arbitration proceedings. There shall be no pre-arbitration discovery except as provided in Section 19.4; provided, however, each Party shall have the right, no later than seven (7) days prior to the date first set for the hearing, to conduct a deposition, not to exceed three (3) hours in duration unless the arbitrator otherwise determines that good cause exists to justify a longer period, of any person identified by the other Party as an expert witness pursuant to Sections 19.4 (2)(b) or 19.4 (3)(b).

19.8. Awards of Arbitrators.

19.8.1. Monetary Issues. With respect to monetary disputes (including the amount of coverage under the policies of insurance required pursuant to Section 9 of this Lease), the arbitrator shall have no right to propose a middle ground or any proposed modification of either Statement of Position. The arbitrator shall instead select whichever of the two Statements of Position is the closest to the monetary amount that the arbitrator determines to be the appropriate determination of coverage or other matter in dispute and shall render an award consistent with such Statement of Position. While the arbitrator shall have no right to propose a middle ground or any proposed

modification of either Statement of Position concerning a Separate Dispute, the arbitrator shall have the right, if the arbitrator so chooses, to choose one Party's Statement of Position on one or more of the Separate Disputes, while selecting the other Party's Statement of Position on the remaining Separate Disputes. Upon the arbitrator's selection of a Statement of Position, pursuant to this Section 19, the Statement of Position so chosen and the award rendered by the arbitrator thereon shall be final and binding upon the Parties, absent Gross Error on the part of the arbitrator.

19.8.2. Nonmonetary Issues. With respect to nonmonetary issues and disputes, the arbitrator shall determine the most appropriate resolution of the issue or dispute, taking into account the Statements of Position submitted by the Parties, and shall render an award accordingly. Such award shall be final and binding upon the Parties, absent Gross Error on the part of the arbitrator.

19.9. Costs of Arbitration. Subject to the rights of the prevailing Party to recover the same as provided elsewhere in this Lease, Tenant and the City shall equally share the expenses and fees of the arbitrator, together with other expenses of arbitration incurred or approved by the arbitrator. Failure of either Party to pay its share of expenses and fees constitutes a material breach of such Party's obligations hereunder.

19.10. Amendment to Implement Judgment. Within seven (7) days after the issuance of any award by the arbitrator becomes final, the City will draft a proposed amendment to the Lease setting forth the relevant terms of such award. Within seven (7) days after delivery of a copy of the amendment to Tenant, Tenant will sign the amendment and return the executed copy to the City, which shall thereafter be considered by the City Council and thereafter approved by the City Council and executed by the City as soon as reasonably practicable.

19.11. Impact of Gross Error Allegations. Where either Party has charged the arbitrator with Gross Error:

19.11.1. The award shall not be implemented if the Party alleging Gross Error obtains a judgment of a court of competent jurisdiction stating that the arbitrator was guilty of Gross Error and vacating the arbitration award ("Disqualification Judgment"). In the event of a Disqualification Judgment, the arbitration process shall begin over immediately in accordance with this Section 19.11, which arbitration shall be conducted (with a different arbitrator) as expeditiously as reasonably possible.

19.11.2. The Party alleging Gross Error shall have the burden of proof.

19.11.3. For the purposes of this Section 19.11, the term "Gross Error" shall mean that the arbitration award is subject to vacation pursuant to California Code of Civil Procedure Section 1286.2 or any successor provision.

20. Notices. Any notice, demand, request, consent, approval or communication that either Party desires or is required to give to the other Party shall be in

writing and shall be deemed given as of the time of hand delivery to the addresses set forth below, or if sent by United States registered or certified mail, postage prepaid, return receipt requested, on the business day following the date of actual delivery. Unless notice of a different address has been given in accordance with this section, all such notices shall be addressed as follows:

If to the City, to:

CITY OF BEVERLY HILLS
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Manager

With a copy to:

CITY OF BEVERLY HILLS
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Attorney

If to Tenant, to:

WALLIS ANNENBERG CENTER FOR
THE PERFORMING ARTS
470 North Canon Drive
Beverly Hills, CA 90210
Attention: Executive Director

With an additional copy to:

MANATT, PHELPS & PHILLIPS, LLP
11355 W. Olympic Boulevard
Los Angeles, California 90064
Attention: Martin E. Steere, Esq.

21. Attorneys' Fees. In the event of any action, proceeding or arbitration arising out of or in connection with this Lease, whether or not pursued to judgment, the prevailing Party shall be entitled, in addition to all other relief, to recover its costs and reasonable attorneys' fees, charges and disbursements, and also including all fees, costs and expenses incurred in executing, perfecting, enforcing and collecting any judgment.

22. Surrender of Property: Holding Over.

22.1. Surrender of Property. At the Expiration or earlier Termination of the Term, Tenant shall surrender possession of the Property to the City. Tenant shall leave the Property in good and broom-clean condition, reasonable wear and tear and damage by casualty that is not Tenant's obligation to repair excepted. All property that Tenant is not required to surrender but that Tenant does abandon shall, at the City's election, become the City's property at Expiration or Termination.

22.2. Holding Over. If Tenant with City's consent remains in possession of the Property after Expiration or Termination, such possession by Tenant shall be deemed to be a month to month tenancy terminable on thirty (30) days' notice given at any time by either Party. All Provisions of this Lease shall apply to the month to month tenancy except those provisions pertaining to the Term and Basic Rent. Basic Rent during any period that Tenant holds over shall increase to the market rent payable for first class office space in the City of Beverly Hills.

23. Estoppel Certificates. At any time and from time to time, within twenty (20) days after notice of request by either Party, the other Party shall execute, acknowledge, and deliver to the requesting Party, or to such other recipient as the notice shall direct, a statement certifying that this Lease is unmodified and in full force and effect, or, if there have been modifications, that it is in full force and effect as modified in the manner specified in the statement and acknowledging that there are no uncured defaults or failures to perform any covenant or Provision of this Lease on the part of the requesting Party or specifying any such defaults or failures which are claimed to exist.

24. Limitation on Liability.

24.1. Notwithstanding anything in this Lease, or at law, or in equity to the contrary, in any action, proceeding, arbitration, or otherwise by the City arising out of, in connection with, or relating directly or indirectly to this Lease, the City will proceed only against the assets of Tenant, including any interest of Tenant in the Property and not against any director, officer, employee or agent of Tenant, or any of their respective property. Notwithstanding anything in this Lease, or at law, or in equity, to the contrary, no director, officer, employee, or agent of Tenant shall have any personal liability to the City arising out of, in connection with, or relating directly or indirectly to this Lease other than for intentional torts or criminal acts.

24.2. Notwithstanding anything in this Lease, or at law, or in equity to the contrary, in any action, proceeding, arbitration, or otherwise by Tenant arising out of, in connection with, or relating directly or indirectly to this Lease, Tenant will proceed only against the assets of the City including any interest of the City in the Property and not against any member of the City Council, employee or agent of the City, or any of their respective property. Notwithstanding anything in this Lease, or at law, or in equity, to the contrary, no member of the City Council, employee, or agent of the City shall have any personal liability to Tenant arising out of, in connection with, or relating directly or indirectly to this Lease other than for intentional torts or criminal acts.

25. Bond Financing. In the event that Tenant determines that, in order to meet a Funding Date, Tenant requires proceeds from bond financing, then if the terms of the bond financing are acceptable to the City in its sole and absolute discretion, the City and Tenant may agree in writing to amend this Lease to provide such reasonable protections as are reasonably required by the commercial bank or banks that serve in the capacity as trustee for bonds that are issued by or on behalf of the Tenant and any bank, insurance company, pension fund or other financial institution which provides (a) a letter of credit, insurance policy, surety bond, line of credit or other instrument which secures or guarantees the payment of principal of and interest on any such bonds and/or (b) any letter of credit, line of credit, standby purchase agreement or other instrument then in effect which provides for the payment of the purchase price of any such bonds.

26. Miscellaneous.

26.1. Governing Law. This Lease shall be construed and interpreted in accordance with the laws of the State of California.

26.2. Covenants and Conditions. All Provisions, whether covenants or conditions, on the part of Tenant shall be deemed to be both covenants and conditions.

26.3. Transfer of City's Interest. In the event of any transfer or transfers of the City's interest in the Property or the Parking Authority's interest in the Garage, the applicable transferor shall be automatically relieved of any and all obligations and liabilities with respect to the interest transferred that accrue from and after the date of such transfer provided that the applicable transferee assumes or is otherwise bound by and obligated for such obligations and liabilities.

26.4. Waiver. The waiver by the City or Tenant of any breach by the other Party of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of Rent hereunder by the City shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, or condition of this Lease, other than the failure to pay the particular rents so accepted, regardless of the City's knowledge of such preceding breach at the time of acceptance of such Rent.

26.5. Time of Essence. Time is of the essence with respect to the performance of every Provision of this Lease in which time of performance is a factor.

26.6. Brokers. Each Party warrants to and for the benefit of the other that it has had no dealings with any real estate broker or other agent (attorneys excepted) in connection with the negotiation or making of this Lease.

26.7. Table of Contents: Headings. The table of contents of this Lease and the captions of the various sections of this Lease are for convenience and ease of reference only and do not define, limit, augment, or describe the scope, content, or intent of this Lease or of any part or parts of this Lease.

26.8. Entire Agreement; Modification. This Lease contains the entire agreement between the Parties. No verbal agreement or implied covenant shall be held to vary the provisions hereof, any statements, law or custom to the contrary notwithstanding. No promise, representation, warranty, or covenant not included in this Lease has been or is relied on by either Party. Each Party has relied on its own inspection of the Property and examination of this Lease, the counsel of its own advisors, and the warranties, representations, and covenants in this Lease itself. The failure or refusal of either Party to inspect the Property, to read this Lease or other documents, or to obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on such reading, inspection, or advice. Each Party represents and warrants that it has the power and authority to enter into and carry out the provisions of this Lease. No provision of this Lease may be amended or varied except by an agreement in writing signed by the Parties hereto or their respective successors.

26.9. Severability. The invalidity or illegality of any provision shall not affect the remainder of this Lease and all remaining provisions shall, notwithstanding any such invalidity or illegality, continue in full force and effect.

26.10. Successors. Subject to the Provisions of this Lease on assignment and subletting, each and all of the covenants and conditions of this Lease shall be binding on and shall inure to the benefit of the heirs, successors, executors, administrators, assigns, and personal representatives of the respective Parties.

26.11. Consents of Parties. Except as otherwise specifically provided to the contrary herein, whenever this Lease provides for the consent or approval of a Party, such consent or approval, as applicable, shall not be unreasonably withheld or delayed. Except as set forth in Sections 6.4 and 8.1, wherever this Lease requires the consent or approval of the City, such consent or approval shall be in writing and shall be granted or withheld on behalf of the City by the City Manager. In the event that the consent or approval of the City is withheld, Tenant shall have the right to appeal such withholding of consent or approval to the City Council. If written request for consent or approval is given to a Party, and such Party fails to deliver written disapproval (together, in the case of requests for approval that cannot be unreasonably withheld, with an explanation of the reasonable basis or bases for such disapproval) within ten (10) business days following such request, the Party who fails to deliver such notice shall be deemed to have denied the requested consent or given its disapproval, as applicable. If the City Manager determines that a matter for which consent is requested requires approval of the City Council, the City Manager may so notify Tenant and the deadline by which the City must grant or withhold consent shall be extended for such time as is necessary for the matter to be noticed, calendared and heard by the City Council at the next available City Council meeting. Neither the City's execution of this Lease nor any consent or approval given by the City hereunder in its capacity as lessor shall waive, abridge, impair or otherwise affect the City's powers and duties as a governmental body, including but not limited to the power of eminent domain (except as set forth in Section 11.5). Any requirements under this Lease that Tenant obtain consents or approvals of the City are in addition to and not in lieu of any requirements of Law that Tenant obtain approvals or permits.

26.12. Joint and Several Obligations. "Party" shall mean City or Tenant; and if more than one person is City or Tenant, the obligations imposed on that Party shall be joint and several.

26.13. Telecommunications. Tenant may broadcast performances on the Property. However, methodology utilized by Tenant for such transmissions which involves exterior devices on the Building shall be subject to the prior written reasonable approval of the City. The Parties recognize, however, that the City can withhold such approval on the basis of aesthetics. Any revenues generated by such transmissions shall be retained by Tenant. The City shall have the right, at all times, to install telecommunication facilities on the Property in such a manner as not to unreasonably interfere with Tenant's use of the Property.

26.14. Execution; Recordation of Memorandum of Lease. This Lease shall not be recorded. However, upon the request of either Party, the Parties shall execute a memorandum of lease for recordation in form and substance as reasonably required by a title insurance company insuring Tenant's leasehold estate or the interest of any leasehold or fee Lender, and sufficient to give constructive notice of this Lease to subsequent purchasers and mortgagees.

26.15. Force Majeure. Notwithstanding anything to the contrary contained in this Lease, any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the Party obligated to perform shall excuse the performance of such Party for a period equal to any such prevention, delay or stoppage.

26.16. Ownership of Improvements. During the Term of the Lease, Tenant shall be deemed to be the owner of the Theater and any other improvements constructed by Tenant. The ownership of such improvements shall revert to the City upon Expiration or Termination.

26.17. Waiver of Governmental Rights. The City is entering into this Lease in its proprietary capacity and nothing herein shall waive, modify or impair the City's rights in its governmental capacity except to the extent otherwise expressly set forth herein, including, without limitation, the provisions of Section 11.5.

(Signatures appear on following page)

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

CITY OF BEVERLY HILLS

By: _____
Mayor

ATTEST:

City Clerk

WALLIS ANNENBERG CENTER FOR THE
PERFORMING ARTS, a California nonprofit
public benefit corporation

By _____
Chairman of the Board

Consent Agreement of the Parking Authority with respect to provisions pertaining to It:

THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS,
a parking authority established pursuant to the Parking Law of 1949 of
the State of California

By: _____
Name: _____
Title: _____

EXHIBIT "A-1"

SITE PLAN

EXHIBIT "A"

PROPERTY DESCRIPTION

THE LAND LYING AND BEING IN THE CITY OF BEVERLY HILLS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTHEASTERLY LINE OF PACIFIC ELECTRIC RAILWAY COMPANY RIGHT OF WAY (HOLLYWOOD DIVISION) AS GRANTED BY DEED RECORDED IN BOOK 2940 PAGE 77 OF DEEDS, RECORDS OF SAID COUNTY, WITH A LINE DISTANT 10 FEET MEASURED NORTHEASTERLY FROM AND AT RIGHT ANGLES TO THE NORTHEASTERLY LINE OF CANON DRIVE SHOWN ON TRACT BEVERLY, RECORDED IN BOOK 11 PAGE 94 OF MAPS, RECORDS OF SAID COUNTY; THENCE NORTHEASTERLY ALONG SAID RIGHT OF WAY LINE 312.10 FEET TO A POINT IN THE SOUTHWESTERLY LINE OF CRESCENT DRIVE; THENCE SOUTH 39 DEGREES 31 MINUTES 40 SECONDS EAST ALONG SAID SOUTHWESTERLY LINE OF CRESCENT DRIVE, A DISTANCE OF 275.68 FEET TO AN INTERSECTION WITH A LINE PARALLEL WITH AND DISTANT 135 FEET MEASURED NORTHERLY AT RIGHT ANGLES FROM THE SOUTHERLY LINE OF BURTON WAY AS SAID BURTON WAY IS SHOWN ON THE MAP OF SAID TRACT BEVERLY; THENCE BEARING SOUTH 89 DEGREES 50 MINUTES 35 SECONDS WEST, A DISTANCE OF 167.65 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 894.95 FEET; THENCE WESTERLY ALONG SAID CURVE, A DISTANCE OF 216.75 FEET TO A POINT IN A LINE, SAID LINE BEING DISTANT 10 FEET MEASURED NORTHEASTERLY FROM AND AT RIGHT ANGLES TO SAID NORTHEASTERLY LINE OF CANON DRIVE; THENCE NORTHWESTERLY ALONG SAID LINE, A DISTANCE OF 53.38 FEET, MORE OR LESS, TO THE POINT OF BEGINNING; AND

THAT CERTAIN 35 FOOT STRIP OF LAND BEING A PORTION OF LOT "A" OF RANCHO RODEO OF LAS AGUAS, IN THE CITY OF BEVERLY HILLS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 107 PAGES 210 TO 212 OF MISCELLANEOUS RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AS DESCRIBED IN FINAL DECREE ON CONDEMNATION RECORDED MARCH 21, 1896 AS INSTRUMENT NO. 38 IN BOOK 1084, PAGE 133 OF DEEDS IN THE RECORDERS OFFICE OF SAID COUNTY BOUNDED NORTHEASTERLY BY THE SOUTHWESTERLY LINE OF CRESCENT DRIVE, 80 FEET WIDE, AS DESCRIBED IN ORDINANCE NO. 323 RECORDED NOVEMBER 24, 1931 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND BOUNDED SOUTHWESTERLY BY THE NORTHEASTERLY LINE OF CANON DRIVE, 84 FEET WIDE, AS DESCRIBED IN ORDINANCE NO. 351 RECORDED SEPTEMBER 27, 1932 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE NORTHWESTERLY 2 FEET AND THE SOUTHEASTERLY 2 FEET OF SAID 35 FOOT STRIP OF LAND.

EXHIBIT "B"

WORK LETTER

This Work Letter is attached to and forms a part of that certain Amended and Restated Lease by and among the City of Beverly Hills, a municipal corporation, and Wallis Annenberg Center for the Performing Arts, a California nonprofit public benefit corporation, and (for the limited purposes described in the Amended and Restated Lease and this Work Letter) The Parking Authority of the City of Beverly Hills. Undefined capitalized terms used herein shall have the same meanings as set forth in the Amended and Restated Lease to which this Work Letter is attached as Exhibit "B" and of which this Work Letter forms a part. The purpose of this Work Letter is to set forth the terms and conditions relating to (i) Tenant's renovation of the Building, (ii) construction of the Theater, and (iii) construction of the landscaping and hardscaping of the balance of the Property (collectively, the "Renovation and Construction Work"), and (iv) the Parking Authority's construction of the Garage and the Offsite Improvements (as defined in Section 3.3 of the Lease).

1. Commencement and Phasing of Tenant's Work. The Renovation and Construction Work may, at the option of Tenant, be performed in two phases. One phase shall consist of the renovation and improvement work to the Building; the other phase shall consist of the construction of the Theater; however, the completion of the remaining site work on the Property, including the sculpture garden and the pedestrian walkway to Canon Drive, shall be included as part of the phase that is the second phase to be commenced. (Each phase may be referred to herein as a "Phase" and collectively as the "Phases.") Tenant shall not commence any Renovation and Construction Work for a Phase until: (i) the Funding Date (described in Section 4.1 below) for the applicable Phase has occurred; (ii) Tenant has delivered to City the evidence of Tenant's insurance described in this Lease; (iii) Tenant has delivered to City a copy of Tenant's GMAX or stipulated sum contract for the Renovation and Construction Work for the applicable Phase; (iv) Tenant has delivered to City copies of the payment and performance bonds described in Section 3.2 below for the applicable Phase, or if permitted by Section 3.2, a copy of the "Subguard" insurance described therein for the applicable Phase; and (v) the Parking Authority has approved the Construction Plans for the Renovation and Construction Work for the applicable Phase under Section 2.3 below. Tenant may commence and continue business operations in the Building or the new Theatre, respectively, provided: (i) if the operations are to commence in the new Theatre, the new Theatre and all site work on the Property have been Substantially Completed (as defined in Section 4.3 below), and if the operations are to commence in the Building, the Renovation and Construction Work to and for the Building shall have been Substantially Completed (as defined in Section 4.3 below); (ii) Tenant has obtained all necessary permits and the operations otherwise comply with all applicable laws; (iii) all mitigation measures applicable to such work or operations under the Environmental Impact Report for the applicable Renovation and Construction Work have been taken and/or satisfied, as applicable, including requirements relating to parking and traffic; and (v) Tenant is not in default under this Lease.

2. Plans and Specifications.

2.1 Attached hereto as Schedules 1 and 2, respectively, are conceptual plans for the Renovation and Construction Work and the Garage and Offsite Improvements. The Garage shall have the minimum specifications set forth in Schedule 3 attached hereto.

2.2 As soon as practicable, but in no event later than four (4) months after the Effective Date, Tenant shall submit to the City six (6) sets of schematic plans, outline specifications and construction cost estimates for the Renovation and Construction Work. As soon as practicable, but no later than six (6) months after the Effective Date, the Parking Authority shall submit to Tenant six (6) sets of schematic plans, outline specifications and construction cost estimates for the construction of the Garage and the Offsite Improvements (each of which shall be referred to herein as the "Schematic Plans"). The City shall have thirty (30) days within which to approve or disapprove the Schematic Plans submitted by Tenant, and Tenant shall have thirty (30) days within which to disapprove the Schematic Plans submitted by the Parking Authority on reasonable grounds; provided, however, that the Tenant's rights to disapprove the Parking Authority's Schematic Plans shall be limited to the portions of the Parking Authority's Schematic Plans that describe Garage improvements that are (a) within forty (40) feet of the Property, and within the Garage (but excluding vehicular ingress and egress equipment and improvements) and that materially and adversely affect the operation of the Theatre or the Renovation and Construction Work; (b) are immediately adjacent to and must be physically coordinated with the Renovation and Construction Work; or (c) improvements comprising the valet ramp. Notwithstanding the limited scope of Tenant's disapproval rights: (i) the Parking Authority shall discuss the design of the Garage with the Tenant regularly throughout the design process (however, the foregoing shall not be construed to expand the Tenant's disapproval rights or grant approval rights to the Tenant); and (ii) considering that the Garage entrance on southbound Santa Monica Boulevard (the "Garage Entrance") is located on the Premises being leased by Tenant, the Parking Authority shall not design or construct the Garage Entrance in a manner that materially and adversely affects the operation of the new Theatre (including the loading dock area for the new Theatre). All disapprovals shall be in writing, and shall set forth in detail the reasons for any disapproval and shall describe the specific portions of the plans that are being disapproved. Promptly following disapproval of proposed Schematic Plans, the party responsible for such Schematic Plans shall revise the same and resubmit for approval. The foregoing process shall be repeated as necessary until approval of the Schematic Plans in question.

2.3 Tenant and the Parking Authority shall each, as soon as practicable following approval of its respective Schematic Plans, but in no event later than twelve (12) months following such Schematic Plan approval, cause final plans, detailed specifications and an estimated budget for all work to be constructed, altered or modified as part of the Renovation and Construction Work and the Garage and Offsite Improvements construction, respectively (the "Construction Plans") and shall submit six (6) complete sets of the same to the other for approval. The Parking Authority shall have thirty (30) days within which to approve or disapprove the Construction Plans submitted

by Tenant, and Tenant shall have thirty (30) days within which to approve or disapprove the Construction Plans submitted by the Parking Authority. Tenant and the Parking Authority may disapprove said Construction Plans on the grounds that they do not reflect a natural evolution from or materially differ from the Schematic Plans; provided, however, that the Tenant's rights to disapprove the Parking Authority's Construction Plans shall be limited to the items described in Section 2.2(a), (b) and (c) above. All disapprovals shall be in writing, and shall set forth in detail the reasons for any disapproval. Promptly following disapproval of proposed Construction Plans, the party responsible for such Construction Plans shall revised the same and resubmit for approval. The foregoing process shall be repeated as necessary until approval of the Construction Plans in questions.

2.4 Tenant and the Parking Authority shall each provide, in its construction contract for the Renovation and Construction Work and for the Garage, respectively, that its contractor shall carefully review (and shall cause its subcontractors to carefully review) the other party's Schematic Plans and Construction Plans for the purpose of determining whether there are any errors, inconsistencies, discrepancies or omissions in the design documents for the Garage and the Construction and Renovation Work that could adversely affect the coordination, performance or completion of the Garage work and the Construction and Renovation Work, and shall promptly inform both the Parking Authority and the Tenant in writing thereof. Each party shall cause its architect and engineers to reasonably consult with the other party's architect and engineers to coordinate their respective plans with respect to improvements that need to be physically coordinated.

2.5 In the event that the party to whom proposed Schematic or Construction Plans have been submitted does not provide written disapproval of the same within thirty (30) days following such submittal, the proposed Schematic or Construction Plans shall be deemed disapproved.

2.6 The Parking Authority and City shall use good faith efforts to coordinate their review of each submittal by Tenant in order to expedite approval of Tenant's submittals.

3. Contractor; Construction and Architect's Contracts.

3.1 The Renovation and Construction Work and construction of the Garage and the Offsite Improvements shall be performed by a single contractor selected by Tenant and the Parking Authority (the "Contractor").

3.2 Tenant shall enter into a contract with Contractor for each Phase of the Renovation and Construction Work, and the Parking Authority shall enter into a contract with Contractor for the construction of the Garage and the Offsite Improvements (the "Contracts," and each, a "Contract"). All Contracts shall provide for construction schedules that conform to this Work Letter and shall be based on a stipulated sum or cost of the work with a guaranteed maximum price. Each Contract shall provide for insurance as required by this Lease, provide that all warranties, indemnities and insurance shall

inure to the benefit of both (a) the City and Parking Authority; and (b) Tenant, and shall provide for ten percent (10%) retention pending lien-free, stop notice free and claim free completion of construction. The Contract(s) for the Renovation and Construction Work shall give the City the right but not the obligation to assume Tenant's obligations and rights under that contract if Tenant should commit an Event of Default or should otherwise terminate this Lease, and shall provide for payment and performance bonds; provided that, in connection with the Tenant's Contract, Tenant may, in lieu of requiring and obtaining such bonds, elect to cause Contractor to purchase Subguard® subcontractor default insurance from Zurich or another similar coverage, provided that such subcontractor default insurance or similar coverage is acceptable in all respects to the Parking Authority representative described in Section 7.2 below as a replacement for payment and performance bonds.

3.3 Tenant hereby assigns and conveys to the City all right, title and interest of Tenant in, under and to any and all plans, specifications and working drawings prepared by Tenant's architect for or in connection with the Renovation and Construction Work; provided, however, that City hereby gives Tenant a license to use such plans, specifications and working drawings for the prosecution of the Renovation and Construction Work (and subsequent alterations and additions made in compliance with the terms of this Lease), which license shall be automatically revoked upon a termination of this Lease for any reason other than a default by the City. Concurrently with Tenant's execution of this Lease, Tenant shall execute and deliver to City an assignment of Tenant's architect's contract (in favor of City), and shall cause its architect to execute and deliver to City a reasonable consent to such assignment, in the forms attached to this Work Letter as Schedule 3.

4. Timing of Construction; Garage Financing Contingency.

4.1 As used herein, the term "Funding Date" shall mean the date on which Tenant has received, and provided to the City and Parking Authority evidence reasonably satisfactory to City of, sufficient Available Funds to pay for one hundred percent (100%) of the construction cost for the Renovation and Construction Work (which shall include the actual costs of the work plus a ten percent (10%) contingency); provided, however, that, if Tenant elects to perform the Renovation and Construction Work in Phases, then the Funding Date shall mean, for each Phase, (i) in the case of the first Phase commenced by Tenant, one hundred percent (100%) of the amount by which the Contract for the Renovation and Construction Work allocates the stipulated sum or guaranteed maximum price for that Phase (which must include a 10% contingency amount), and (ii) for each subsequent Phase commenced by Tenant, not less than one hundred percent (100%) of the amount by which the Contract for the Renovation and Construction Work allocates the stipulated sum or guaranteed maximum price for that Phase and all Phases previously commenced by Tenant (which must include a 10% contingency amount). Tenant's certification of Available Funds shall be to the City's reasonable satisfaction and shall set forth, if applicable, any restrictions with respect to turning over Available Funds to the City Non-Profit Organization pursuant to Section 3.3 or Section 17 of the Lease.

4.2 Tenant shall commence the Renovation and Construction Work with respect to the first Phase on or before the date that is twenty-two (22) calendar months after the Effective Date (the "Initial Deadline"); provided, however, that if the first Phase consists of the construction of the new Theatre (rather than the renovation of the Building), and the Parking Authority has not commenced construction of the Garage by the Initial Deadline, then the Initial Deadline shall be extended to the date on which the Parking Authority commences construction of the Garage. Upon Tenant's timely compliance with the Initial Deadline, Parking Authority's receipt of Tenant's Garage Contribution, and Tenant's approval of the portions of the Construction Plans for the Garage Work that Tenant has a right to approve, Parking Authority shall promptly commence the Garage work. Tenant must commence the Renovation and Construction Work for the second Phase by the date that is eighteen (18) months after the commencement of construction of the first Phase. Tenant must complete all Phases on or before the date that is fifty-eight (58) months after the Effective Date ("Completion Date"), as extended under Section 4.4 below. The deadlines in this Section 4.2 will be subject to extension for delays beyond the control of the party with the obligation for performance, including unreasonable delays in approving submissions by the other party, but excluding financial capacity but including delays caused by the other party's failure to comply with deadlines specified in this Work Letter ("Force Majeure Delays"). Once the Parking Authority has commenced the Garage work, the Parking Authority shall diligently prosecute the Garage Work and Offsite Improvements to completion subject to Force Majeure Delays. Once Tenant has commenced the Renovation and Construction Work for a Phase, Tenant shall diligently prosecute the same to completion subject to Force Majeure Delays. In no event shall Tenant commence Renovation and Construction Work prior to the applicable Funding Date for that work.

4.3 As used in this Work Letter, the term "Substantial Completion" shall mean that: (i) if necessary for occupancy and use of the applicable work and improvements, a certificate of occupancy shall have been issued for such work and improvements; (ii) the applicable work and improvements shall have been fully completed except for minor incomplete items and defects that do not materially and adversely affect the use of the applicable improvements for their intended use and, with the use of reasonable diligence, can be completed and corrected within ninety (90) days ("Punch List Items"). Upon Substantial Completion of any Phase or the Garage as applicable, the Parking Authority and Tenant shall complete and correct all applicable Punch List Items diligently, but not later than ninety (90) days after the applicable date of Substantial Completion.

4.4 If neither the Parking Authority nor the City has been able to issue bonds sufficient to finance the Parking Authority's anticipated costs of constructing the Garage and Offsite Improvements and which are exempt from state and federal taxation and have an interest rate less than 6.5%, then the Parking Authority may delay commencement of the construction of the Garage and Offsite Improvements until such bonds have been issued and the proceeds thereof are available to pay for the costs of constructing the Garage and the Offsite Improvements, and the Completion Date shall be extended by a period equal to the period of delay. However, if Tenant Substantially Completes any Phase of the Construction Work during the delay, then City shall use good

faith efforts to make available, in other City public parking garages in the vicinity of the Premises, public parking for Tenant's patrons on a first-come, first served basis at the public parking rate then applicable to such parking.

4.5 The City shall use good faith efforts to provide parking spaces reasonably necessary from time to time for the Renovation and Construction Work for construction workers of Tenant's contractor (at the applicable parking fees or charges payable for such parking spaces) within the City's Civic Center parking garage, any other parking facility within one thousand feet of the Property, and/or the Garage (once it is completed), provided that such parking spaces shall be limited to a maximum amount of one hundred and fifty (150) spaces until the Garage is completed and then there shall be no limit on the number of spaces for such purpose in the Garage (except the requirement that they be reasonably necessary for the Renovation and Construction Work). Until the earlier of the termination of this Lease for any reason or the completion of the Renovation and Construction Work, Tenant's contractor shall have the right to use the westerly parking lane on Crescent Drive between Santa Monica Boulevard and Santa Monica Boulevard South for reasonable construction staging for the Renovation and Construction Work; provided, however, that such construction staging rights shall be subject and subordinate to access requirements for public vehicular traffic.

5. Manner of Construction.

5.1 All work governed by this Work Letter shall be performed with due diligence and in a good and workmanlike manner. Tenant and the Parking Authority shall take all reasonable steps to minimize any damage, disruption or inconvenience caused by such work and make adequate provisions for the safety and convenience of all persons affected thereby. Tenant and the Parking Authority shall each be responsible for the payment of all costs and expenses associated with their respective work and shall indemnify, defend and hold the other harmless from and against all damages, costs, expenses, losses or claims arising out of or in connection with the performance of such work, except to the extent that such damages, costs, expenses, losses or claims are caused by the gross negligence or intentional misconduct of the other. Dust, noise and other effects of such work shall be controlled using accepted measures customarily imposed on projects in the City of Beverly Hills in order to control such deleterious effects associated with construction.

5.2 Any work to connect, repair, relocate, maintain or install any storm drain, sanitary sewer, water line, gas line, telephone conduit, or any other utility service shall be performed in a manner that minimizes interference with the provision of such services to other persons.

5.3 Tenant and the Parking Authority shall each erect and properly maintain at all times, as required by the conditions and time progress of work performed by or on its behalf all necessary safeguards for the protection of workers and the public.

5.4 All work shall be completed in substantial compliance with the approved Construction Plans and also in compliance with all applicable local, state and

federal laws and regulations. Tenant and the Parking Authority shall each have the sole responsibility for obtaining all necessary permits for their respective work and shall make application for such permits directly to the person or governmental agency having jurisdiction thereover.

5.5 Representatives of Tenant and the Parking Authority shall, upon reasonable notice and at reasonable times, have the right of reasonable access to the other's job site without charges or fees, but at no cost or expense to the other, for the purpose of inspection of the construction work being performed. Such access shall be reasonably calculated to minimize interference with the other party's construction and/or operations. The other party shall have the right to have a representative present to accompany the representatives of the inspecting party in connection with such access. In the event of any emergency which is life-threatening or which involves the threat of potential substantial damage, either party shall have the right to enter the other's job site immediately and without notice to or accompaniment by the other.

5.6 Upon completion of the Renovation and Construction Work, Tenant shall file or cause to be filed in the Official Records of the County of Los Angeles a Notice of Completion with respect to the Renovation and Construction Work and Tenant shall deliver to the City, at no cost to the City, final as-built plans and specifications of the Renovation and Construction Work in digital format.

6. Payment of Tenant Garage Funds. Tenant shall pay the Tenant Garage Contribution to the Parking Authority in four installments as follows: (i) ten percent (10%) shall be paid upon the commencement of Garage construction (as defined in Section 4.2 above); (ii) an additional twenty percent (20%) shall be paid on the date that is eight (8) months after the commencement of Garage construction; (iii) an additional forty percent (40%) shall be paid on the date that is sixteen (16) months after commencement of Garage construction; and (iv) the final thirty percent (30%) shall be paid upon Substantial Completion of the Garage and the Offsite Improvements. Tenant shall deposit the Garage Specification Funds (described in Section 7 below) with the Parking Authority on or before the commencement of construction of the Garage, and the Parking Authority shall use portions of the Garage Specification Funds from time to time, for the costs of designing and constructing the Tenant Garage Specification Work (also described in Section 7 below).

7. Tenant Garage Specification Funds. In addition to Tenant's Garage Contribution, Tenant shall deposit with the Parking Authority a sum equal to the costs (set forth separately in the Parking Authority's architect's agreement as estimated by architect, and set forth separately in the Parking Authority's construction contract for the Garage as a guaranteed maximum price line item that is consistent with the cost estimates approved by Tenant) of designing, construction and installing escalators (collectively, the "Tenant Garage Specification Work") together with a ten percent (10%) contingency amount (collectively, the "Garage Specification Funds"). The Parking Authority shall obtain and deliver to Tenant written estimates of such costs and Tenant shall have the right to review and reasonably disapprove the estimate in writing (providing all reasons for any disapproval) within fifteen (15) days after Parking Authority delivers the estimate

to Tenant, and if Tenant reasonably disapproves the estimated costs (and give the reasons for disapproval or proposes a change in the work in order to reduce costs), then the Parking Authority shall use good faith efforts to cause its contractor to reasonably reduce such costs based on Tenant's reasons for disapproval or changes in the Tenant Garage Specification Work, and the Parking Authority shall subsequently cooperate with Tenant in good faith to cause the Parking Authority's contractor to reasonably address Tenant's cost concerns until the date that is the earlier of: (i) sixty (60) days after the Parking Authority first submits the estimate to Tenant; or (ii) the date that is five (5) business days after the date on which Parking Authority informs Tenant in writing that the Parking Authority's construction contract is otherwise ready to be executed; however, in the event Tenant delivers to the Parking Authority, in writing, reasonable and specific changes to the Tenant Garage Specification Work within such five (5) business day period (in order to reduce costs), then Parking Authority shall use reasonable efforts to cause such changes to be made in the Parking Authority's Construction Contract.

8. Miscellaneous.

8.1 Tenant has designated Rodney Freeman of Freeman Group, Inc. as its representative with respect to the matters set forth in this Work Letter, who, until further notice to the City, shall have full authority and responsibility to act on behalf of the Tenant as required in this Work Letter.

8.2 The Parking Authority and the City have designated the Director of Project Administration as their representative with respect to the matters set forth in this Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to implement the terms of this Work Letter on behalf of the Parking Authority and the City.

8.3 The City, the Parking Authority and Tenant hereby agree that the Renovation and Construction Work and all Alterations constitutes "public works" under Section 1720 of the California Labor Code, et. seq., and any governmental regulations pertaining thereto (the "Prevailing Work Laws") and Tenant hereby agrees to pay prevailing wages in connection with the Renovation and Construction Work and any Alterations pursuant to the Prevailing Wage Laws and otherwise comply with the Prevailing Wage Laws in connection with the Renovation and Construction Work and any Alterations.

8.4 Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days.

Schedule 1 to Exhibit "B" (Work Letter)

Conceptual Plans for Construction and Renovation Work

Schedule 2 to Exhibit "B" (Work Letter)

Conceptual Plans for Garage

Schedule 3 to Exhibit "B" (Work Letter)

Form of Assignment of Architect's Agreement and Consent

(Attached.)

ASSIGNMENT OF ARCHITECT AGREEMENT

THIS ASSIGNMENT OF ARCHITECT AGREEMENT (this "Assignment") is made and entered into as of December __, 2008 by and between the WALLIS ANNENBERG CENTER FOR THE PERFORMING ARTS, a California nonprofit public corporation ("Assignor"), and the CITY OF BEVERLY HILLS, a municipal corporation ("Assignee").

FOR VALUE RECEIVED, as required under that certain Amended and Restated Lease (the "Lease") dated as of December __, 2008 by and among Assignor, Assignee and Parking Authority of the City of Beverly Hills, Assignor does hereby assign and transfer to Assignee all of Assignor's right, title and interest in and to that certain Architectural Services Agreement dated as of May 3, 2006 by and between SPF:architects (the "Architect") and Assignor (the "Agreement"). The foregoing assignment is made for the purpose of enabling Assignee to complete the design of the Construction and Renovation Work described in the Lease under the Agreement in the event Assignee desires Architect to complete work under the Agreement after: (i) Assignee terminates the Lease following a default thereunder by Assignor; or (iii) Assignor rejects the Lease in any bankruptcy proceeding by or against Assignor.

1. Assignor shall perform and discharge Assignor's obligations, covenants and agreements under the Agreement, and shall enforce the performance of each obligation, covenant, condition and agreement contained in the Agreement and to be performed by Architect.

2. If Assignor fails to do any act as herein provided promptly upon written demand by Assignee, and does not promptly cure such failure, then Assignee shall have the right, but not the obligation, without releasing Assignor from any obligation hereunder or under the Lease and without additional notice to or demand upon Assignor, to make such payment or to do such act in such manner and to such extent as may be necessary to prevent the termination of the Agreement by Architect. **IN THE EVENT ASSIGNEE MAKES ANY SUCH PAYMENT OR TAKES ANY SUCH ACTION, ASSIGNOR SHALL, UPON WRITTEN DEMAND OF ASSIGNEE, REIMBURSE ASSIGNEE FOR THE AMOUNT OF ANY SUCH PAYMENT AND/OR THE COSTS AND EXPENSES INCURRED BY ASSIGNEE IN TAKING SUCH ACTION, INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEYS' FEES, WITHIN TEN (10) DAYS AFTER WRITTEN DEMAND BY ASSIGNEE AS ADDITIONAL RENT UNDER THE LEASE.**

3. Assignor shall have, and Assignee hereby grants to Assignor, the license and right to exercise all of Assignor's rights under the Agreement unless and until: (i) Assignee terminates the Lease following a default thereunder by Assignor; or (ii) the Lease is rejected in any bankruptcy proceeding by or against Assignor. Upon the occurrence of such a termination or rejection, Assignee may, at its option, by written notice to Architect, exercise Assignee's rights under this Assignment, and upon giving such notice to Architect, Assignee shall have all of the rights of Assignor under the Agreement, including without limitation the right to give and receive copies of all notices and other

instruments or communications, and the right to cure or take action with respect to any default under the Agreement, and Assignee shall be deemed to have assumed the obligations of Assignor under the Agreement arising after the date of Assignee's written notice to Architect.

4. Any notices, requests and demands to be made hereunder shall be in writing and shall be delivered in the manner by which notices, requests and demands are to be delivered or given under the Lease.

5. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6. Assignor hereby represents to Architect that Assignor has assigned and conveyed to the City all right, title and interest of Assignor in the Plans and Specifications.

7. This Assignment shall be governed by and construed and interpreted in accordance with the laws of the State of California without giving effect to conflict of laws principles or rules.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed as of the day and year first above written.

CITY OF BEVERLY HILLS

By: _____
Barry Brucker, Mayor

ATTEST:

City Clerk

WALLIS ANNENBERG CENTER FOR THE
PERFORMING ARTS, a California nonprofit
public benefit corporation

By: _____
Print Name: _____
Title: _____

CONSENT TO ASSIGNMENT AND AGREEMENT TO GIVE NOTICES

Architect hereby consents to the foregoing Assignment, and agrees for the benefit of Assignee as follows:

1. ARCHITECT WILL, AT THE SAME TIME IT GIVES ANY WRITTEN NOTICE TO ASSIGNOR OF (I) ANY SUSPENSION OF WORK UNDER THE AGREEMENT; (II) ANY DEFAULT BY ASSIGNOR UNDER THE AGREEMENT, OR (III) ANY TERMINATION OF THE AGREEMENT, SEND A COPY OF SUCH WRITTEN NOTICE TO ASSIGNEE, BY THE MANNER AND MEANS PROVIDED FOR THE GIVING OF NOTICES UNDER THE AGREEMENT, ADDRESSED TO:

To Parking Authority: City of Beverly Hills
 Beverly Hills City Hall
 455 North Rexford Drive
 Beverly Hills, California 90210
 Attn: _____

with copy to: City of Beverly Hills
 Beverly Hills City Hall
 455 North Rexford Drive
 Beverly Hills, California 90210
 Attn: City Attorney

2. ASSIGNEE SHALL HAVE THIRTY (30) DAYS FROM ASSIGNEE'S RECEIPT OF AND SUCH NOTICE TO CURE ANY DEFAULT BY ASSIGNOR; PROVIDED, HOWEVER, THAT IN THE EVENT ANY SUCH CURE CANNOT REASONABLY BE COMPLETED BY ASSIGNEE WITHIN SUCH THIRTY (30) DAY PERIOD, THEN, SO LONG AS ASSIGNEE COMMENCES THE CURE WITHIN SUCH 30-DAY PERIOD AND THEREAFTER DILIGENTLY PURSUES THE CURE TO COMPLETION, ASSIGNEE SHALL HAVE SUCH ADDITIONAL PERIOD OF TIME TO COMPLETE SUCH ACTION AS IS REASONABLY REQUIRED BY ASSIGNEE. NOTHING HEREIN SHALL REQUIRE ASSIGNEE TO TAKE ANY SUCH ACTION.

3. Architect hereby acknowledges that Assignor owns the Plans and Specifications, and (based on Assignor's representation to that effect in the forgoing Assignment) that Assignor has assigned and conveyed the Plans and Specifications to Assignee.

This Consent to Assignment is made as of December ____, 2008.

ARCHITECT:

SPF:architects

By: _____
Zoltan E. Pali, Principal