AGENDA REPORT

Meeting Date: March 12, 2013

Item Number: C-1A & C-1B

To: Honorable Mayor & City Council
Honorable Parking Authority Chair & Board of Directors

From: David Lightner, Deputy City Manager

Subject:

A. AMENDMENT NO. 1 TO THE AMENDED AND RESTATED LEASE BY AND AMONG THE CITY OF BEVERLY HILLS, WALLIS ANNENBERG CENTER FOR THE PERFORMING ARTS, AND THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS

B. CITY OF BEVERLY HILLS AND THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ESTOPPEL AND CONSENT NO. 2 IN CONNECTION WITH THE WALLIS ANNENBERG CENTER FOR THE PERFORMING ARTS

Attachments:

1. Amendment
2. Estoppel and Consent
3. Blackline Version of Lease Sections Being Altered

RECOMMENDATION

It is recommended that the City Council and the Parking Authority move to approve Amendment No. 1 to the Amended and Restated Lease by and among the City of Beverly Hills, Wallis Annenberg Center for the Performing Arts and the Parking Authority of the City of Beverly Hills. It is further recommended that the City Council and the Parking Authority move to approve the City of Beverly Hills and the Parking Authority of the City of Beverly Hills Estoppel and Consent No. 2 in Connection with the Wallis Annenberg Center for the Performing Arts (Center). Both of these motions should be made for approval subject to review by the City Attorney and confirmation by the City Manager that the Transaction Documents referenced in these agreements, to be developed subsequently, accurately reflect the terms and intent of the Amendment and the Estoppel and Consent.

INTRODUCTION

The Center has requested modifications to their lease with the City and Parking Authority. The proposed amendment would provide for assignment and sublease structures and other provisions that will allow the Center to receive an investment of $5 million or more arranged by Bank of America for a Historic Tax Credit Investor (Investor). The Center and Bank of America are developing agreements with Nationwide Insurance to be the Investor.

Additionally, the Center has requested a further estoppel and consent for the Wallis Annenberg Foundation (Foundation). The Foundation has underwritten the Center's construction costs and the Historic Tax Credit investment requires certain changes to the Foundation's security interest in the lease.

DISCUSSION

General provisions contemplating future amendment of the lease to accommodate use of federal Historic Tax Credits were included in Section 4.4 of the original lease between the City and the Center. The Center has negotiated terms with Bank of America under which a Historic Tax Credit Investor will invest between 5 and 6 million dollars in the Center in exchange for the Historic Tax Credits. In order to allow for this investment in the Center, amendments to the lease are needed. These amendments would:

1. Consent to assignment and subleases that would add the Investor to the entities holding leasehold interests.

2. Extend the current lease term (35 years with two 10-year options) to a term of 55 years.

3. Clarify that the operations under the lease are to be revenue generating. Non-profit entities are not eligible to receive the Historic Tax Credits.

4. Revise the City Event provisions to comply with Treasury Regulations. On the City's 20 event days, which are allowed without charge under the lease, the City would have access to all of the grounds, all common areas, including the Grand Hall and up to 50% of the remaining net leasable square footage.

5. Modify the termination provisions in the lease so that during the first 5 years the termination remedy would apply only to the Center, as operators, and would trigger automatically in the event that the theater ceases operation for a period of more than 180 days.

6. Remove the hours of access restriction on the City's monthly parking in the adjacent Crescent Garage.

7. Make minor modifications to the notice and insurance provisions.

A City Council ad hoc committee (Councilmembers Brucker and Gold) reviewed the proposed modifications and met with the Chairman of the Center's Board, Jerry Magnin, and Vice Chairman, Arnold Rosenstein, to further review the Center's requests and issues raised by the City Council, described as follows.

Assignment/Sublease Structure The Center will assign its lease to a new entity that will be majority-owned and managed by Center. That entity (Tenant) will sublease to a new entity (Sub-Tenant) that is majority-owned by Investor, but managed by Center. That Sub-Tenant will then further sublease to Center and Center will operate the theater. Obviously this is a complex structure; however, it has been reviewed by the City Attorney's Office and the Center's legal team, including its tax specialist. The Center's legal team has provided the City with written confirmation that this structure will not threaten the Center's 501(c)(3) status. It is anticipated that after 5 years all of the Historic Tax Credits will have been used by Investor and that Center will initiate a restructuring to restore a sole tenancy by Center. The City has notice and approval rights in the event of such a future restructuring.

City Events The existing lease includes a provision that allows for 20 days of City use of the Center facilities for special City events such as the City Council Installation. Treasury Regulations for Historic Tax Credit recipients restrict such use by a non-taxable entity such as the City to no more than 50% of the net rentable floor space available for lease. However, a detailed comparison of the square footages of all of the spaces in the building that would potentially be used by the City shows that of the approximately 55,000 total net square feet, approximately 29,000 square feet would be available without this restriction and the 50% rule would limit that usage to 27,500 net square feet. Common areas in the building and all of the grounds are exempt from this calculation. The practical difference of 1500 square feet could be readily accommodated in a full use of the facilities by removing three small classrooms from use or from any other reduction of that square footage.

Termination Rights Treasury Regulations provide that the Historic Tax Credits are recaptured in the event of a landlord termination during the first 5 years after the building is put into use. Therefor the amendment includes a 5 year forbearance on the City's termination rights. The City Attorney has noted that the City would retain its eminent domain powers for a public purpose and that there are other legal remedies available to address anticipated types of breach of the lease with the exception of a scenario where the theater would cease operating altogether or "go dark" during the first 5 years. In order to address this issue, the amendment includes a provision that automatically terminates the operator if the theater should go dark for more than 180 days during the forbearance period. The City would have the right to reasonably approve the replacement operator. This would not be a termination of the master lease but it would address the scenario of a termination right being needed in the unlikely event that the Center ceased operations during the first 5 years.

Parking In addition to the modifications proposed by the Center, a provision regarding parking has been negotiated into the amendment for the benefit of the City. The existing lease includes a restriction on monthly parking leases in the City spaces of the adjacent Crescent Garage, requiring monthly parking access on Monday through Friday to end at 6 p.m. This is an impediment to the City's ability to actively manage the garage, filling empty spaces to generate revenue toward garage bond payments. The Center has agreed to the replacement of the 6 p.m. limitation with a statement in the lease amendment that the monthly parking in the garage will be managed in a manner that prioritizes the availability of sufficient parking for the Center.

Estoppel and Consent In 2011 the City and Parking Authority approved an estoppel and consent agreement with the Center and the Annenberg Foundation in order to allow the Foundation to have a security interest in the Center's lease in exchange for the Foundation's securitization of the construction loan. The Foundation has agreed to modify their security interest in order to accommodate the Historic Tax Credit investment. Rather than having foreclosure rights on the Lease Deed of Trust, their security interest would be limited to most other assets of the Center. The proposed estoppel and consent would authorize that change.

FISCAL IMPACT

These modifications do not have a direct fiscal impact on the City other than the potential to generate more monthly parking revenue when not in conflict with Center parking needs, and the secondary benefit of facilitating a 5 to 6 million dollar new contribution toward construction of the performing arts center.

David Lightner
Approved By

Attachment 1

AMENDMENT NO. 1
TO THE AMENDED AND RESTATED LEASE BY AND AMONG THE CITY OF BEVERLY HILLS, WALLIS ANNENBERG CENTER FOR THE PERFORMING ARTS AND THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS

This Amendment No. 1 to the Amended and Restated Lease by and Among the City of Beverly Hills, Wallis Annenberg Center for the Performing Arts and the Parking Authority of the City of Beverly Hills (this "**Agreement**") is made as of April ____, 2013 by and among the City of Beverly Hills, a municipal corporation ("**City**"), Wallis Annenberg Center for the Performing Arts, a California nonprofit public benefit corporation ("**WACPA**" or, together with its permitted successors and assigns, "**Tenant**") and The Parking Authority of the City of Beverly Hills.

RECITALS

This Agreement is made with regard to the following facts:

A. Pursuant to that certain Amended and Restated Lease No. 24-09 and PA-09-01 by and among City, 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, and Tenant (collectively, the "**Parties**") dated on January 22, 2009 (the "**Original Lease**"), Tenant currently leases from City certain premises generally depicted on the Site Plan attached hereto as Exhibit A, located in Beverly Hills, California (the "**Premises**"). As used herein, the term "**Lease**" means the Original Lease as amended and modified by this Agreement

B. Tenant has agreed to (i) renovate the existing improvements commonly known as the Post Office Building (the "**Post Office Premises**") and (ii) to construct new improvements upon the Premises to be known as the Goldsmith Building (the "**Goldsmith Premises**"). The Premises, together with the Post Office Premises and the Goldsmith Premises, may be collectively referred to herein as the "**Property**".

C. Tenant intends to rehabilitate the Post Office Premises in a manner that qualifies for the historic rehabilitation tax credit allowed for qualified rehabilitation expenditures incurred in connection with the "certified rehabilitation" of a "certified historic structure" (the "**Historic Tax Credit(s)**") pursuant to Section 47 of the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of prior or succeeding law (the "**Code**").

D. The Parties have agreed, pursuant to Section 4.4 of the Original Lease, to make amendments to the Original Lease to permit Tenant's application and use of the Historic Tax Credits as a necessary component of the sources of funding to finance the rehabilitation of the Post Office Premises.

E. In addition to the previously agreed upon changes to be made to the Original Lease and the consents contemplated to be given in the Original Lease, Tenant

has requested certain amendments to the Original Lease to insure, among other things, that the Lease provisions enable the rehabilitation of the Property to qualify for the Historic Tax Credits. Among other things, the Historic Tax Credit transaction requires the following: (i) the assignment of the Lease from WACPA, as tenant, to an entity, ("**Master Landlord**"), which will be majority-owned and managed by an entity which is wholly-owned by WACPA, as manager, ("**LL Manager**"), which Master Landlord will be the "Tenant" under the Lease after such assignment; (ii) Master Landlord will enter into two (2) 19.5 year sub master leases with an entity, ("**Master Tenant**"), which will be managed by an entity which is wholly-owned by WACPA, as manager ("**MT Manager**"), and more than majority-owned by Equity Investor (defined below), one for Post Office Premises and the other for the remainder of the Property including the Goldsmith Premises (individually, a "**Sub Master Lease**", and collectively, the "**Sub Master Leases**"); and (iii) Master Tenant will lease the Property which is subject to the Sub Master Leases to WACPA (in such capacity "**WACPA Subtenant**") for ten years pursuant to a further sublease (the "**WACPA Sublease**", and together with the Sub Master Leases, the "**Subleases**").

F. Bank of America, N.A. its affiliates and one or more participants, successors and/or assigns (collectively, the "**Equity Investor**") intends to make an equity investment (the "**Equity Investment**") into Master Tenant and become a member in Master Tenant. All or a portion of the net proceeds of the Equity Investment will be used to pay for costs of the rehabilitation of the Property.

G. As a condition to making the Equity Investment, the Equity Investor has required that this Agreement be executed and delivered.

H. The City and WACPA are each willing to make the following amendments to the Original Lease, and to consent to the Equity Investment and the transactions leases and subleases described herein on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties agree as follows:

1. Amendments to the Original Lease.

1.1 Definitions: The following defined terms are hereby added to the Original Lease in the correct alphabetical order in Section 1:

> "Compliance Period" means a five (5) year period, commencing on the earlier of: (i) the date that rehabilitation of the Post Office Premises is complete in all material respects and the Post Office Premises is issued a certificate of use and occupancy by the applicable government authority, or (ii) December 31, 2014.
>
> "Equity Investor" means Bank of America, N.A., its

affiliates, participants and/or permitted successors and assigns.

"Goldsmith Premises" means the new improvements to be constructed by Tenant upon the Premises.

"NPS" means the National Park Service, which is an agency of the United States Department of the Interior.

"Post Office Premises" means the existing improvements located on the Premises, commonly known as the "Post Office Building".

1.2 Term: Section 1.1.19 of the Original Lease is deleted in its entirety and replaced with the following:

The Term shall commence as of the date of the Amendment No. 1 to the Amended and Restated Lease by and among the City of Beverly Hills, Wallis Annenberg Center for the Performing Arts and the Parking Authority of the City of Beverly Hills and continue fifty-five (55) Lease Years thereafter. As used herein, the term "**Lease Year**" shall mean a period of twelve (12) consecutive calendar months.

1.3 Term: Section 3.1 of the Original Lease is deleted in its entirety and replaced with the following:

Intentionally Omitted.

1.4 Use by Tenant: The first sentence of Section 5.1 of the Original Lease is hereby deleted and replaced with the following:

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**"), for which, ticket and other revenues are intended to be generated and which may, at Tenant's option, include as ancillary facilities indoor/outdoor concession facilities, broadcast facilities, museum-quality gift shop, visitor center, general office space for Tenant's operations and other compatible uses, subject to the terms of Section 13 to the extent applicable (collectively, the "**Permitted Uses**") in order to generate revenues from these commercial operations.

1.5 City Sponsored Events:

(a) The first two sentences of Section 5.4 of the Original Lease are hereby deleted and replaced with the following:

> The City can sponsor up to fifteen (15) events in the Theatre, the Studio, any other interior portion of the Property, or the grounds during each calendar year as provided in this Section 5.4. In addition, the City shall have access to the Theatre, the Studio, any other interior portion of the Property or the grounds for up to five (5) evenings per year for civic, charitable or public functions or events, and for the installation ceremony of the Mayor.

(b) Section 5.4 is hereby further amended by adding the following sentence to the end of the Section:

> City acknowledges and agrees that this Section is not intended to lease, grant or convey to the City any interest in real property (including, without limitation, a lease, an easement or a license coupled with an interest) or to any portion of the Property or the Improvements, and if, at any time the provisions of this Section could be construed to provide the City with any such interest in real property, the City shall promptly enter into such reasonable agreement as Tenant, or the Equity Investor, reasonably determines is reasonably necessary to confirm that for federal tax purposes the City has no property rights (other than the reversionary interests of a landlord under the Lease) in and to the Master Landlord's, Master Tenant's, or WACPA Subtenant's real property interest.
>
> Notwithstanding anything to the contrary, in no event will any City-Sponsored Event occurring in the Theatre, the Studio or any other interior portion of the Property (excluding common areas and the grounds) be permitted to use more than 50% of the net rentable square footage of the total improvements at any time.

1.6 Replacement of Legal Description. Exhibit A to the Original Lease is deleted and replaced with Exhibit A attached hereto.

2. Consent to Subleases and Tax Credit Transaction. Consistent with Section 4.4 of the Original Lease, to facilitate the benefits of the Historic Tax Credits, the City has been provided with the final, executed Transaction Documents (defined below) and hereby consents to the following matters set forth in the Transaction Documents: (i) the Equity Investment; (ii) the assignment of the Lease to and assumption by the Master Landlord; (iii) the Sub Master Leases and the WACPA Sublease; (iv) the organizational documents of the Master Landlord and the Master Tenant and the related ancillary agreements; and (v) the exercise of the rights and remedies available to Equity Investor, Master Landlord and Master Tenant pursuant to the foregoing, including the removal,

withdrawal and/or replacement for cause of the LL Manager and/or the MT Manager as set forth in the Transaction Documents. The exercise of the foregoing rights and remedies will not trigger any default under the Lease, provided that, (i) if there is a termination of the WACPA Sublease in accordance with the foregoing rights and remedies, or (ii) if WACPA desires to transfer its rights, title and interest pursuant to any Option Agreement between WACPA, or its affiliate, and Equity Investor entered as a Transaction Document then the City shall have approval rights over any replacement subtenant, or transferee as the case may be, which approval shall not be unreasonably withheld, delayed or conditioned. Any such approvals may be provided by the City Manager without further review or approval by the City Council. The City acknowledges that the City Manager, as authorized by the City Council, has reviewed and exercised the City's reasonable approval rights over the Subleases, and the Transaction Documents. As used herein, "Transaction Documents" means the following, to the extent final executed copies have been provided to the City (i) the organizational documents including limited liability company and/or limited partnership agreements of Tenant, Master Landlord, LLC Manager and MT Manager; (ii) the option agreement(s) between Equity Investor and WACPA and/or its affiliates; (iii) any guarantees and/or indemnities in favor of Equity Investor in connection with the Property or the Historic Tax Credits; (iv) the Sub Master Leases and the WACPA Sublease; and (v) any related or ancillary agreements executed by or for the benefit of WACPA, Landlord, Master Tenant and/or Equity Investor or any of their respective affiliates which govern the construction, rehabilitation and operation of the Property.

3. Further Subleasing Activity. The Parties acknowledge that the Sub Master Leases will each be for a term of not more than nineteen and a half (19.5) years and the WACPA Sublease will be for a term of not more than ten (10) years. City agrees that WACPA may either sublease or grant a license to portions of the Premises in its regular course of business as required in connection with the permitted uses; provided however, that any such sublease shall be subject to the approval of the City, which approval shall not be unreasonably withheld, delayed or conditioned. The City Manager may grant such approval (which approval must be in writing) without further review or approval by the City Council.

4. Go-Dark Termination. Master Landlord, Master Tenant, and WACPA acknowledge that, pursuant to Section 5.2 of the Original Lease, WACPA Subtenant shall be obligated to schedule and present a certain number of performances each year beginning after substantial completion of the Renovation and Construction Work (the "**Annual Performance Requirement**"). In the event that WACPA Subtenant fails to comply with 25% of the Annual Performance Requirement during any consecutive six (6) month period (the "**Go Dark Period**"), the parties hereto agree that the WACPA Sublease shall automatically terminate on the first day after the Go Dark Period, subject to force majeure as provided in Section 26.15 (excluding lack of funds). If the WACPA Sublease is terminated as a result of the preceding sentence, Master Tenant shall be obligated to use diligent, commercially reasonable efforts to locate a replacement subtenant, subject to the City's approval rights set forth in Section 3 of this Agreement.

5. Non Termination During Compliance Period. Notwithstanding any provision of the Lease under any circumstances to the contrary, City agrees that during the Compliance Period, City will not exercise any remedy or take any other action that would (i) result in the termination of the Lease or any Master Sublease with respect to the Premises, or (ii) disturb or diminish the leasehold interest in the Post Office Premises held by WACPA Subtenant; provided that the City will have the right to seek injunction, specific performance and money damages as set forth in the Lease, except to the extent it would result in the termination of the Lease or any Master Sublease, or would cause a recapture or disallowance of the Historic Tax Credits; provided, further, however, that the City must notify the Tax Credit Investor in writing of such proposed action or intended remedy with reasonable detail and if, within thirty (30) days, the Tax Credit Investor provides the City with written evidence reasonably satisfactory to the City that taking such course of action would likely result in recapture or disallowance of the Historic Tax Credits (a written legal opinion from a reputable law firm with a recognized tax credit practice shall constitute such evidence), then the City shall not take such action until after the end of the Compliance Period. The foregoing restrictions may not be construed as limiting City's ability to pursue injunctive relief or any other remedy that would not terminate the Lease or cause a recapture or disallowance of the Historic Tax Credits. The parties hereto acknowledge that execution and delivery of this Agreement is a material inducement to the Equity Investor's willingness to make the Equity Investment. As such, the Equity Investor is a third party beneficiary of this Agreement and this Agreement may not be amended or otherwise modified during the Compliance Period without the Equity Investor's express written consent. The parties further agree that the Equity Investor's rights and benefits hereunder will automatically inure to any assignee or transferee of Equity Investor without need for further action by any party.

6. Equity Investor Notice and Cure Rights. City agrees that any cure of any default made or tendered by Master Tenant or the Equity Investor will be deemed to be a cure by Tenant and will be accepted or rejected on the same basis as if made or tendered by Tenant. Master Tenant and the Equity Investor will have the same time periods to affect such cure as are provided under Section 15.2 of the Original Lease. Copies of all material notices, including notices of default which are sent to Tenant under the terms of the Original Lease must also be sent to the Equity Investor at: c/o Bank of America, N.A., Tax Credit Investments, 7700 El Camino Real, Suite 202, Carlsbad, CA 92009, Attn: Stephanie Barrett; Mail Code CA0-222-02-02; with a copy to Buchalter Nemer PC, 1000 Wilshire Boulevard, Suite 1500, Los Angeles, CA 90017, Attn: Michael A. Williamson, Esq. In addition, copies of all documents and correspondence exchanged between City and Tenant in connection with an inspection of the Post Office Premises during the Compliance Period by City or its agents must promptly be sent to the Equity Investor.

7. Insurance Proceeds. Notwithstanding any provision of the Lease under any circumstances to the contrary, at all times during the Compliance Period, all insurance proceeds received by or payable to any Party with respect to such damage (except proceeds of insurance covering loss or damage of Tenant's Personal Property and business interruption insurance), less actual costs and expenses incurred in connection

with the collection thereof, shall applied to repair, rebuild, or restore the requisite damage or destruction.

8. Transfer of Equity Investor's Interests. The City recognizes that Equity Investor shall have the right to transfer its interests in Master Tenant, and that no consent of the City shall be required for such transfer, so long as the Equity Investor's transferee consists of one or more entities, or their affiliates, which are wholly owned by (i) a publicly traded company with a net worth of at least $15,000,000; (ii) a non-publicly traded, U.S. based company with a net worth of at least $20,000,000; (iii) an insurance company with a net worth or equivalent of at least $20,000,000; or (iv) any federally or state chartered or regulated bank or financial institution (each a "**Permitted Assignee**"); provided, however, that (i) any such transferee, and any majority owner thereof shall not have as the predominant, or any material portion of its, business, the production or sale of tobacco products, so-called adult or pornographic materials, or weapons sales or manufacturing, and (ii) Equity Investor shall provide concurrent notice to the City of such transfer with such evidence as is reasonably necessary to confirm compliance with the transfer requirements. If Equity Investor desires to transfer its interests in Master Tenant to an entity that is not a Permitted Assignee, then, City shall have reasonable approval rights over any proposed transferee, which approval shall not be unreasonably withheld, delayed or conditioned, unless the City has had prior adverse business or other dealings with the proposed transferee in which case the consent of the City may be withheld in its sole discretion.

9. Parking. Section 2.2.3 of the Original Lease is hereby deleted and replaced with the following:

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; and (iii) 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 and the City shall use reasonable efforts to accommodate such request. The Parking Operating Agreement will be developed in a manner such that any monthly parking in the facility to be granted in the future shall be granted in a manner and quantity that prioritizes the availability of sufficient parking for 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. Tenant acknowledges that City has granted six (6) parking spaces and up to one hundred thirty two (132) additional parking access cards to third parties including Tenant's construction contractors. The City shall terminate such parking rights as to one hundred (100) of the access cards (which were granted on a month-to-month basis) prior to the grand opening of the Performing Arts Center. The thirty-two (32) remaining existing parking access cards do not provide reserved spaces in the garage and will be managed to prioritize evening parking availability for Tenant.

10. Memorandum of Amendment of Lease. This Agreement shall be executed concurrently with the Historic Tax Credit transaction closing, and concurrently therewith, the parties shall execute and deliver a Memorandum of Amendment of Lease attached hereto as Exhibit A and shall authorize it to be recorded in the official records of the County of Los Angeles in form and substance satisfactory to the parties and the Equity Investor concurrently with such closing.

11. General Provisions.

11.1 Notices. Any notice that may or must be given by any party under this Agreement will be in writing and delivered (i) personally, (ii) by certified mail, return receipt requested, or (iii) by a nationally recognized overnight courier, addressed to the party to whom it is intended. Any notice given to City or Tenant must be sent to the respective address set forth in the Lease any notice to Equity Investor shall be sent to the address provided to the City in writing before the closing of the Equity Investment. A notice sent pursuant to the terms of this Section shall be deemed delivered (i) when delivery is attempted, if delivered personally on a business day, (ii) three (3) business days after deposit into the United States mail, or (iii) the day following deposit with a nationally recognized overnight courier that provides receipt of delivery. Each party hereto may change its address for notice by notice each other party in accordance with this Section.

11.2 Controlling Law. The terms and provisions of this Agreement will be construed in accordance with, and will be governed by, the laws of the State of California.

11.3 Entire Agreement; Waiver. This Agreement constitutes the final, complete and exclusive statement between the parties to this Agreement pertaining to the subject matter hereof, supersedes all prior and contemporaneous understandings or agreements of the parties with respect thereto, and is binding on and inures to the benefit of their respective heirs, representatives, successors and assigns. No party has been

induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement. Any agreement made after the date of this Agreement is ineffective to modify, waive, or terminate this Agreement, in whole or in part, unless that agreement is in writing, is signed by the parties to this Agreement, and specifically states that agreement modifies this Agreement.

11.4 Captions. Captions to the sections in this Agreement are included for convenience only and do not modify any of the terms of this Agreement.

11.5 Partial Invalidity. If any term, covenant, or condition in this Agreement is, to any extent, held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application of that term, covenant, or condition to persons or circumstances other than those as to which it is held to be invalid or unenforceable, will not be affected by that invalidity or unenforceability, and all other terms, covenants, and conditions of this Agreement will be valid and enforceable to the fullest extent permitted by law.

12. Hypothecation and Lease Elections. The Master Landlord Operating Agreement and the Master Tenant's operating agreement prohibit the sale, hypothecation or other transfer of the Lease and the Subleases without the prior written consent of the Equity Investor (or its assignee, if applicable). City agrees that, at any time after the date hereof but prior to expiration of the Compliance Period, it will not grant consent to a sale, hypothecation or other transfer of an interest in the Lease or the Subleases without the prior written consent of the Equity Investor or, if applicable, its assignee. The parties hereto acknowledge that City's ability to consent to financing under the Lease is constrained by the provisions of this Agreement. City acknowledges that the Master Landlord Operating Agreement and the Master Tenant operating agreement also require that the Equity Investor approve the granting or withholding of consent by Tenant under the Lease, the exercise by the Tenant of any elections under the Lease, and the material modification of the Lease. As such, no such act by Tenant under the Lease will be effective without the Equity Investor's written approval, which approval shall not be unreasonably withheld, delayed or conditioned.

[***Signatures appear on following page***]

The parties have executed this "Amendment No. 1 to the Amended and Restated Lease by and Among the City of Beverly Hills, Wallis Annenberg Center for the Performing Arts and the Parking Authority of the City of Beverly Hills" as of the date first written above.

CITY:

THE CITY OF BEVERLY HILLS, a municipal corporation

By:

ATTEST:

By:_____
Name:_____
City Clerk

APPROVED AS TO FORM:

By: _____
Name: _____
Title: _____

Amendment No. 1 to the Amended and Restated Lease by and Among the City of Beverly Hills, Wallis Annenberg Center for the Performing Arts and the Parking Authority of the City of Beverly Hills as of the date first written above.

TENANT:

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

By: _____
Name: _____
Title: _____

Amendment No. 1 to the Amended and Restated Lease by and Among the City of Beverly Hills, Wallis Annenberg Center for the Performing Arts and the Parking Authority of the City of Beverly Hills as of the date first written above.

AUTHORITY:

THE PARKING AUTHORITY OF
THE CITY OF BEVERLY HILLS

By:_____
Print Name: _____
Title: Chairman of the Board of Directors

ATTEST:

_____ (SEAL)
Byron Pope,
Secretary to Board of Directors

APPROVED AS TO FORM:

By: _____
Name: _____
Title:_____

EXHIBIT A

[LEGAL DESCRIPTION TO BE INSERTED]

EXHIBIT B

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

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

[Space Above For Recorder's Use Only]

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

MEMORANDUM OF AMENDMENT OF LEASE
(AND AMENDMENT OF MEMORANDUM OF LEASE)

THIS MEMORANDUM OF AMENDMENT OF LEASE (AND AMENDMENT OF MEMORANDUM OF LEASE) (this "**Memorandum**") is dated as of _____, 2013, and is entered into by and among the CITY OF BEVERLY HILLS, a municipal corporation ("City"), THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ("Authority"), and the WALLIS ANNENBERG CENTER FOR THE PERFORMING ARTS, a California nonprofit public benefit corporation ("Tenant").

RECITALS

A. Tenant, Authority and City entered into that certain Amended and Restated Lease dated January 22, 2009 (the "Original Lease"), pursuant to which City agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from City, a portion of the land described on Exhibit "A" and certain improvements thereon (the "Premises") in the City of Beverly Hills, County of Los Angeles, State of California. The Premises are more particularly described in the Original Lease.

B. A memorandum of the Original Lease, entitled "Memorandum of Amended and Restated Lease (and Termination of Previously Recorded Lease Amendment for the Lease being Amended and Restated)" dated January 22, 2009, was recorded on March 4, 2009 as Document No. 20090309057 in the Official Records of Los Angeles County, California (the "Existing Memorandum") .

C. Tenant, Authority and City have entered into an amendment of the Original Lease entitled "Amendment No. 1 to the Amended and Restated Lease by and among the City of Beverly Hills, Wallis Annenberg Center for the Performing Arts and the Parking Authority of the City of Beverly Hills" dated _____, 2013 (the "Amendment"). The Original Lease, as amended by such Amendment, is hereinafter referred to as the "Lease".

D. Tenant, Authority and City now desire to enter into this Memorandum to comply with applicable law requiring that municipal leases be recorded, and to amend the Existing Memorandum.

AGREEMENT

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

1. Lease. City and Authority hereby lease and demise to Tenant, and Tenant hereby leases and accepts from City and Authority, the real property described in the Lease for fifty five (55) years commencing on the date of the Amendment (i.e., _____, 2013) upon and subject to the terms and conditions in the Lease, which are incorporated herein by reference.

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

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

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

CITY:

CITY OF BEVERLY HILLS

By:_____
Print Name: _____
Mayor

ATTEST:

_____
Byron Pope, City Clerk

TENANT:

WALLIS ANNENBERG CENTER FOR THE PERFORMING ARTS, a California nonprofit public benefit corporation (formerly known as the Beverly Hills Cultural Center Foundation)

By: _____
Print Name:_____
Title:_____

By: _____
Print Name:_____
Title:_____

AUTHORITY:

THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS

By:_____
Print Name: _____
Title: Chairman of the Board of Directors

ATTEST:

_____ (SEAL)
Byron Pope,
Secretary to Board of Directors

ACKNOWLEDGMENT

State of California)
)
County of _____)

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

personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)
Signature of Notary Public

ACKNOWLEDGMENT

State of California)
)
County of _____)

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

personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)
Signature of Notary Public

ACKNOWLEDGMENT

State of California)
)
County of _____)

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

personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)
Signature of Notary Public

ACKNOWLEDGMENT

State of California)
)
County of _____)

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

personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)
Signature of Notary Public

BN 13175025v16

Attachment 2

CITY OF BEVERLY HILLS AND THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ESTOPPEL AND CONSENT NO. 2 IN CONNECTION WITH THE WALLIS ANNENBERG CENTER FOR THE PERFORMING ARTS

This City Of Beverly Hills And The Parking Authority Of The City Of Beverly Hills Estoppel And Consent No. 2 In Connection With The Wallis Annenberg Center For The Performing Arts ("Consent") is granted by the undersigned Landlord Parties in connection with the Collateral Documents encumbering the Collateral. The Collateral Documents secure or will secure the Obligations of WACPA to Lender under the Loan Documents. All capitalized terms used herein shall have the meanings set forth in Exhibit "1" attached hereto.

Each Landlord Party hereby consents and agrees as follows:

1. Lease. A true and complete copy of the Lease, together with all amendments, supplements, extensions and other modifications thereto of every nature, is attached as Exhibit "2" to this Consent. The Lease is unmodified and is in full force and effect. WACPA is the tenant under the Lease, and no Landlord Party will consent to or approve of the assignment or transfer of any of the tenant's rights, title and interests under the Lease to any person or entity (other than Lender), except that Landlord Parties have consented to and approved of, and hereby consent to and approve of, the assignment of the Lease and the Leasehold by WACPA to Master Landlord, the Subleases of the Property by Master Landlord to Master Tenant, and the Sub-Sublease of the Property by Master Tenant to WACPA.

2. Default. To the best of Landlord Parties' knowledge, there is no existing uncured default by the tenant under the Lease, nor has any event occurred which, with the passage of time or the giving of notice or both, would constitute such a default.

3. Consent to Collateral Documents. Landlord Parties hereby consent to (a) each of the Collateral Documents, (b) the enforcement of any or all of the Collateral Documents, including, without limitation, judicial or non-judicial foreclosure, unified sale, strict or partial strict foreclosure, UCC disposition or sale, appointment of a receiver or other remedy, and (c) the transfer or assignment of any or all of the Collateral to Lender and ownership of any or all of the Collateral by Lender. Without limitation on the generality of the foregoing, if WACPA (or any affiliate thereof) hereafter acquires or owns the Leasehold, Landlord Parties hereby consent to a Mortgage hereafter granted by WACPA (or any affiliate thereof) to Lender encumbering the Leasehold and other Collateral described therein, the enforcement of such Mortgage, including, without limitation, judicial or non-judicial foreclosure, unified sale, strict or partial strict foreclosure, UCC disposition or sale, appointment of a receiver or other remedy, and the transfer or assignment of any or all of the Leasehold and other Collateral to Lender and ownership by Lender of the Leasehold and other Collateral. No Landlord Party shall consent to or approve of any deed of trust, mortgage or other security document encumbering the Leasehold, the Subleasehold or the Sub-Subleasehold in favor of any person or entity other than Lender.

4. Preservation of Leasehold Benefits. Until the Obligations have been satisfied, Landlord Parties agree:

(a) Voluntary Termination, Amendment or Transfer. That, without the prior written consent of Lender, (i) no Landlord Party will voluntarily terminate, cancel, surrender or amend the Lease (except that Landlord Parties may terminate the Lease for a default by tenant under the Lease that is not cured within the time, if any, in the Lease for cure of such default by the tenant under the Lease or the time provided to Lender to cure the default under clause (c) below), (ii) no Landlord Party will consent to, or approve of, any termination, cancellation, or surrender of the Sublease (or the Subleaseholds) or the Sub-Sublease (or the Sub-Subleasehold); and (iii) no Landlord Party will consent to, or approve of, any amendment, assignment or other transfer of the Lease (or the Leasehold), the Sublease (or the Subleaseholds) or the Sub-Sublease (or the Sub-Subleasehold);

(b) Notice to Lender. That a Landlord Party will deliver to Lender a copy of any default notice and any notice of termination of the Lease given by any Landlord Party to the tenant under the Lease;

(c) Lender Right to Cure Defaults. That Lender shall have the right (but not the obligation) to cure without penalty any default by the tenant under the Lease described in any such default notice given by a Landlord Party, and Landlord Parties will allow Lender and its representatives access to the Property for the purpose of effecting such cure; any cure by Lender shall have the same effect as cure by the tenant;

(d) Termination of Lease. That no Landlord Party will terminate the Lease upon a default by the tenant under the Lease unless (a) in the case of a monetary payment default, Lender has not cured such monetary default, within 30 days after Lender is given a copy of the notice of default sent to the tenant under the Lease, or (b) in the case of a non-monetary default, Lender has not, within 30 days after Lender receives written notice that the tenant under the Lease has failed to cure such default within such tenant's cure period under the Lease, either (i) if the default is reasonably susceptible of cure by Lender within such 30-day period, cured such default or (ii) if the default is not reasonably susceptible of cure by Lender within such 30-day period, commenced reasonable efforts (including proceedings for foreclosure of the Mortgage or if appointment of a receiver could result in an earlier cure of the default, then proceedings for appointment of a receiver, each to the extent not prohibited by law) to cure such default, provided that Lender thereafter diligently pursues the completion of such cure to the extent not prohibited by law, including, to the extent necessary, pursuing relief from any applicable automatic stay;

(e) Replacement Lease. That, if Lender makes written request for the same within 90 days after Lender is given written notice of termination of the Lease, Landlord Parties will enter a new lease with Lender commencing on the date of termination of the Lease and ending on the normal expiration date of the Lease, on substantially the same terms and conditions as the Lease; provided that Lender cures all unpaid monetary defaults by the tenant under the Lease through the date of such termination and agrees in writing to promptly commence and thereafter diligently pursue to completion the cure of all continuing non-monetary defaults by the tenant under the Lease (the failure to do so being a noncurable default under the new lease). For example, if the tenant under the Lease used the Property for a purpose not permitted by the Lease prior to Landlord

Parties' entering into a new lease with Lender but such prohibited use ceased upon Landlord Parties' entering into such new lease with Lender, such default by the tenant under the Lease would not be a continuing non-monetary default and the Lender would not have any responsibility or liability in connection with such prior prohibited use by the tenant under the Lease;

(f) Obligations of Lender as Tenant. That, if WACPA (or any affiliate thereof) re-acquires the Leasehold after assigning the Leasehold to Master Landlord and grants to Lender a Mortgage encumbering the Leasehold, then following a transfer or assignment to, or acquisition by, Lender of the Leasehold, the Lender shall not be obligated to cure, or be otherwise responsible or liable for, any default that is not (i) a default in the payment by the tenant to any Landlord Party under the Lease or (ii) a continuing non-monetary default by the tenant under the Lease;

(g) Insurance or Condemnation. That, if WACPA (or any affiliate thereof) re-acquires the Leasehold after assigning the Leasehold to Master Landlord and grants to Lender a Mortgage encumbering the Leasehold, then Landlord Parties will pay to Lender any proceeds from insurance or condemnation of the Property that are payable to the tenant under the Lease, for the account of Lender and the tenant under the Lease as provided in such Mortgage; and that Landlord Parties will provide reasonable prior notice to Lender of any proceedings for adjustment or adjudication of any insurance or condemnation claim involving the Property and will permit Lender to participate therein as an interested party.

5. Effect on Lease. This Consent is entered in order to induce Lender to release the Mortgage previously granted by WACPA to Lender encumbering the Leasehold in exchange for the liens and security interests now or hereafter created by the Collateral Documents in the Collateral, and is intended to create enforceable rights in favor of Lender as provided herein. In the event of any conflict between the terms of this Consent and the terms of the Lease, the terms of this Consent shall control. This document may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof.

6. No Merger. The Leasehold shall not merge with the fee interest in the Property, notwithstanding ownership of the Leasehold and the fee by the same person, without the prior written consent of Lender.

7. Assumption. If any or all of the fee interest in the Property is transferred, the Landlord Parties shall cause the transferee to assume the consents and agreements of the Landlord Parties under this Consent.

Dated as of: _____, 2013.

"Landlord":

CITY OF BEVERLY HILLS,
a municipal corporation

By:_____
_____, Mayor

Attest:

_____
Byron Pope, City Clerk

Approved as To Form

_____
Laurence S. Wiener, City Attorney

Approved as to Content

_____
Jeffrey Kolin, City Manager

"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

By:_____
_____, Chairman

Attest:

_____
Byron Pope, Secretary

The undersigned WACPA, as the tenant under the Lease, hereby agrees to all of the provisions of the forgoing Consent:

"WACPA"

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

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

The undersigned Lender and Parent hereby accept the forgoing Consent. The undersigned Lender hereby agrees for the benefit of the Landlord that, without the prior written consent of the Landlord, the Lender shall not assign the Collateral Documents to any person or entity. The undersigned Parent hereby represents and warrants to Landlord that Parent is the sole member of Lender and agrees for the benefit of Landlord that, without the prior written consent of the Landlord, the Parent shall not assign any membership interest in Lender to any other person or entity.

"Lender"

CENTER FOR PERFORMING ARTS FINANCE COMPANY, LLC,
a Delaware limited liability company

By:_____
Name: _____
Title: _____

"Parent"

THE ANNENBERG FOUNDATION,
a Pennsylvania nonprofit corporation

By:_____
Name: _____
Title: _____

EXHIBIT 1

"Collateral" means, collectively, all rights, title and interests now or hereafter owned, directly or indirectly, by WACPA (or any affiliate thereof) in or in connection with the Property, including, without limitation, (a) the Sub-Subleasehold and all other property encumbered by the Initial Mortgage, (b) the membership interests and other rights, title and interests of WACPA (or any affiliate thereof) in the Master Landlord or the Master Tenant or any member in the Master Landlord or Master Tenant, and the options or other rights, title and interests in connection with the membership interests and other rights, title and interests of any person or entity (other than WACPA) in the Master Landlord or the Master Tenant or any member in the Master Landlord or Master Tenant, (c) the following, if and when assigned or transferred to, or otherwise owned by WACPA (or any affiliate thereof): (i) the Leasehold and the Lease, (ii) the Subleasehold and the Sublease, (iii) the membership interests in Master Landlord not initially owned by WACPA or its subsidiary at the formation of Master Landlord, and (iv) the membership interests in Master Tenant not owned by WACPA or its subsidiary at the formation of Master Tenant, and (d) _____.

"Collateral Documents" means, collectively, (a) the Initial Mortgage, (b) any and all future Mortgages encumbering any Collateral assigned or transferred to, or otherwise owned by WACPA (or any affiliate thereof) after the date hereof, (c) any and all pledge agreements, security agreements and other security documents encumbering the membership interests and other rights, title and interests of WACPA in the Master Landlord or the Master Tenant or any member in the Master Landlord or Master Tenant, (d) any and all future pledge agreements, security agreements and other security documents encumbering the membership interests and other rights, title and interests of WACPA (or any affiliate thereof) in the Master Landlord or the Master Tenant or any member in the Master Landlord or Master Tenant assigned or transferred to, or otherwise owned by WACPA (or any affiliate thereof) after the date hereof, (e) any and all pledge agreements, security agreements and other security documents encumbering any Collateral now or hereafter owned by WACPA (or any affiliate thereof), and (f) _____.

"Landlord" means City of Beverly Hills, a municipal corporation.

"Landlord Parties" means, collectively, Landlord and Parking Authority.

"Lease" means that certain Amended and Restated Lease dated January 22, 2009, among Landlord Parties and WACPA, a memorandum of which was recorded on March 4, 2009, as Instrument No. 20090309057 in the Official Records of Los Angeles County, California, as amended by that certain Amendment No. 1 dated _____, 2013, between the Landlord Parties and WACPA, and any amendments executed by the Landlord Parties and the tenant under the Lease with the written prior consent of Lender.

"Leasehold" means the leasehold estate in the Property created in favor of the "Tenant" pursuant to the Lease and all other rights, title and interests of the "Tenant" under the Lease, including, without limitation, any and all rights, title and interests of the sublessor under the Subleases.

"Lender" means Center for Performing Arts Finance Company, LLC, a Delaware limited liability company:

Center for Performing Arts Finance Company, LLC
1901 Avenue of the Stars, 16th Floor
Los Angeles, California 90067
Attn: David Ulich

with a copy to:

Center for Performing Arts Finance Company, LLC
101 West Elm Street, Suite 640
Conshohocken, PA 19428
Attn: Paul J. Manganiello

"Loan Documents" means that certain Reimbursement Agreement dated as of August 31, 2012 (as it may from time to time be amended) between Lender and Tenant, and all other "Loan Documents" as therein defined, including, without limitation, the Collateral Documents, and any and all amendments to the foregoing with the prior written consent of Lender.

"Master Landlord" means _____, a _____.

"Master Tenant" means _____, a _____.

"Mortgage" means any deed of trust executed by WACPA (or any affiliate thereof), as trustor, for the benefit of Lender, as beneficiary, now or hereafter encumbering any of the present or future Collateral, including without limitation, that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of _____, 2013, substantially in the form attached as Exhibit 3 to that certain City Of Beverly Hills And The Parking Authority Of The City Of Beverly Hills Estoppel And Consent In Connection With The Wallis Annenberg Center For The Performing Arts dated as of August 31, 2012, and signed by the Landlord Parties (with changes to reference the Collateral to be encumbered by such Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing and address the nature and terms of such Collateral), by WACPA, as trustor, for the benefit of Lender, as beneficiary, encumbering the Sub-Subleasehold and the other Collateral described therein (as amended with the prior written consent of Lender, the "Initial Mortgage"), as amended by (a) any amendment related to an increase in the face amount or the amount available to be drawn under the letter of credit provided by Lender pursuant to the Loan Documents, (b) any amendment related to the extension of the expiration date of such letter of credit to a date no later than December 31, 2017, and any amendment related to any increase(s) and/or reduction(s) of the amount of such letter of credit or amount available to be drawn under such letter of credit required or permitted under the Loan Documents, (c) an amendment related to any assignment, transfer, merger, termination or other matter affecting the Sublease, the Subleasehold, the Sub-Sublease or the Sub-Subleasehold, and (d) with the written consent of the Landlord, any other amendment. The initial face amount of such letter of credit was $38,500,000.00, but such face amount (and amount available to be drawn under the Letter of

Credit) are subject to any increase(s) and/or reduction(s) required or permitted under the Loan Documents, and the expiration date of such letter of credit is subject to any acceleration(s) and/or extension(s) to a date no later than December 31, 2017, required or permitted under the Loan Documents.

"Obligations" means all monetary and nonmonetary obligations of WACPA (or any affiliate thereof) to Lender under the Loan Documents.

"Parking Authority" means 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.

"Property" means the real property covered by the Lease, including the property described in Exhibit "A" attached to _____.

"Subleases" means, collectively (a) that certain _____ dated _____, 2013, between Master Landlord, as sublessor, and Master Tenant, as sublessee, as amended by any amendments executed by the Master Landlord and Master Tenant with the prior written consent of Lender, subleasing the _____ of the Property ("Sublease of Historic Building"), and (b) that certain _____ dated _____, 2013, between Master Landlord, as sublessor, and Master Tenant, as sublessee, as amended by any amendments executed by the Master Landlord and Master Tenant with the prior written consent of Lender subleasing the balance of the Property not subleased by the sublease described in clause (a), above ("Sublease of Non-Historic Property").

"Subleaseholds" means, collectively, (a) the leasehold estate in a portion of the Property created in favor of the "_____" pursuant to the Sublease of Historic Building and all other rights, title and interests of the "_____" under the Sublease of Historic Building, including, without limitation, any and all rights, title and interests of the sublessor under the Sub-Sublease and (b) the leasehold estate in the balance of the Property created in favor of the "_____" pursuant to the Sublease of Non-Historic Property and all other rights, title and interests of the "_____" under the Sublease of Non-Historic Property, including, without limitation, any and all rights, title and interests of the sublessor under the Sub-Sublease.

"Sub-Sublease" means that certain _____ dated _____, 2013, between Master Tenant, as sub-sublessor, and WACPA, as sub-sublessee, as amended by any amendments executed by the Master Tenant and WACPA with the prior written consent of Lender, subleasing the entire Property.

"Sub-Subleasehold" means the leasehold estate in the entire Property created in favor of the "_____" pursuant to the Sub-Sublease and all other rights, title and interests of the "_____" under the Sub-Sublease.

"WACPA" means Wallis Annenberg Center for the Performing Arts, a California nonprofit public benefit corporation.

EXHIBIT 2

(copy of the Lease, including all amendments)

Attachment 3

SECTIONS OF THE EXISTING ANNENBERG LEASE BEING ALTERED BY THE LEASE AMENDMENT (BLACKLINED TO SHOW CHANGES)

SECTION 1

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 Compliance Period - means a five (5) year period, commencing on the earlier of: (i) the date that rehabilitation of the Post Office Premises is complete in all material respects and the Post Office Premises is issued a certificate of use and occupancy by the applicable government authority, or (ii) December 31, 2014.

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

~~1.1.6~~1.1.7 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.

1.1.8 Equity Investor - means Bank of America, N.A., its affiliates, participants and/or permitted successors and assigns.

~~1.1.7~~1.1.9 Expiration - the coming to an end of the time specified in this Lease as its duration.

~~1.1.8~~1.1.10 Funding Date - shall have the meaning set forth in Section 4.1 of the Work Letter attached hereto as Exhibit "B".

1.1.11 Goldsmith Premises - means the new improvements to be constructed by Tenant upon the Premises.

~~1.1.9~~1.1.12 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 25 115, 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~~1.1.13 Land - the land identified on Exhibit "A" attached hereto.

~~1.1.11~~1.1.14 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).

1.1.15 NPS - means the National Park Service, which is an agency of the United States Department of the Interior.

~~1.1.12~~1.1.16 Person - a natural person or a legal entity.

1.1.17 Post Office Premises - means the existing improvements located on the Premises, commonly known as the "Post Office Building".

~~1.1.13~~1.1.18 Property - the Land and all improvements now or hereafter located on the Land.

~~1.1.14~~1.1.19 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~~1.1.20 Site Plan - the site plan attached hereto as Exhibit "A-1".

~~1.1.16~~1.1.21 Studio – a new approximately 150 seat flexible rehearsal hall/studio theater to be constructed by Tenant within the Building.

~~1.1.17~~1.1.22 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~~1.1.23 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.~~1.1.24 Term - the Term shall commence as of the date of the Amendment No. 1 to the Amended and Restated Lease by and among the City of Beverly Hills, Wallis Annenberg Center for the Performing Arts and the Parking Authority of the City of Beverly Hills and continue fifty-five (55) Lease Years thereafter. As used herein, the term "**Lease Year**" shall mean a period of twelve (12) consecutive calendar months.

~~1.1.20~~1.1.25 Termination - the ending of the Term for any reason before Expiration.

~~1.1.21~~1.1.26 Theater – A new theater building that is to be constructed on the Land in the area generally depicted on the Site Plan.

SECTION 2.2.3

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; and (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 set aside for 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~~such that any monthly parking in the facility to be granted in the future shall be granted in a manner and quantity that prioritizes the availability of sufficient parking ~~in favor of~~for 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. Tenant acknowledges that City has granted six (6) parking spaces and up to one hundred thirty two (132) additional parking access cards to third parties including Tenant's construction contractors. The City shall terminate such parking rights as to one hundred (100) of the access cards (which were granted on a month-to-month basis) prior to the grand opening of the Performing Arts Center. The thirty-two (32) remaining existing parking access cards do not provide reserved spaces in the garage and will be managed to prioritize evening parking availability for Tenant.

SECTION 3.1

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.~~

Intentionally Omitted.

SECTION 5.1

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"), for which, ticket and other revenues are intended to be generated and which may, at Tenant's option, include as ancillary facilities indoor/outdoor concession facilities, broadcast facilities, museum-quality gift shop, visitor center, general office space for Tenant's operations~~,~~ and other compatible uses ~~incidental thereto~~, subject to the terms of Section 13 to the extent applicable (collectively, the "Permitted Uses") in order to generate revenues from these commercial operations. 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.

SECTION 5.4

5.4 City-Sponsored Events. The City ~~shall have the right to~~can sponsor up to fifteen (15) events in the Theatre, the Studio~~ or~~, any other interior portion of the Property, or the grounds during each calendar year~~.~~ as provided in this Section 5.4. In addition, ~~Tenant~~the City shall ~~make~~have access to the ~~Theater~~Theatre, the Studio~~ or~~, any other interior portion of the Property ~~available to~~or the ~~City~~grounds for up to 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. City acknowledges and agrees that this Section is not intended to lease, grant or convey to the City any interest in real property (including, without limitation, a lease, an easement or a license coupled with an interest) or to any portion of the Property or the Improvements, and if, at any time the provisions of this Section could be construed to provide the City with any such interest in real property, the City shall promptly enter into such reasonable agreement as Tenant, or the Equity Investor, reasonably determines is reasonably necessary to confirm that for federal tax purposes the City has no property rights (other than the reversionary interests of a landlord under the Lease) in and to the Master Landlord's, Master Tenant's, or WACPA Subtenant's real property interest.

Notwithstanding anything to the contrary, in no event will any City-Sponsored Event occurring in the Theatre, the Studio or any other interior portion of the Property (excluding common areas and the grounds) be permitted to use more than 50% of the net rentable square footage of the total improvements at any time.