Attachment 2

Recording Requested By
CITY OF BEVERLY HILLS

When Recorded Mail To:
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San Francisco, California 94108

THIS TRANSACTION IS EXEMPT FROM CALI FORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

PROPERTY LEASE

Between the

CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY,
as Lessor

and the

CITY OF BEVERLY HILLS,
as Lessee

Dated as of June 1, 2013

Relating to

$_____
City of Beverly Hills Public Financing Authority
2013 Lease Revenue Refunding Bonds, Series A
(2003 Refunding Project)

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PROPERTY LEASE

THIS **PROPERTY LEASE** (this "Property Lease"), dated as of June 1, 2013, is between the CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency, duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), and the CITY OF BEVERLY HILLS, a municipal corporation, duly organized and existing under and by virtue of the laws of the State of California (the "City").

RECITALS

WHEREAS, the City desires to refinance certain existing lease obligations previously entered into between the Authority and the City by leasing to the Authority certain real property located in Beverly Hills, California (collectively, the "Site") and the improvements constructed thereon (the "Facilities" and together with the Site, the "Leased Property"), which Site is described in Exhibit A hereto and incorporated herein by reference, pursuant to the Site and Facility Lease dated as of June 1, 2013 (the "Site Lease"), which is being recorded concurrently herewith, between the City, as lessor, and the Authority, as lessee; and

WHEREAS, the Authority will, through the issuance of its 2013 Lease Revenue Refunding Bonds, Series A (2003 Refunding Project) (the "Bonds"), pursuant to an Indenture, dated as of June 1, 2013 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee, obtain the necessary funds to refund the Prior Bonds (as defined in the hereinafter mentioned Indenture); and

WHEREAS, the right of the Trustee to receive the payments hereunder, as provided in the Indenture, will be evidenced by a Memorandum of Assignment dated as of June 1, 2013, and recorded concurrently herewith; and

WHEREAS, pursuant to this Property Lease, the Authority will lease the Leased Property back to the City; and

WHEREAS, the Authority will use amounts received from the City as Base Rental (as hereinafter defined) to pay debt service on the Bonds; and

WHEREAS, the City has found and determined that the issuance of the Bonds and the execution of this Property Lease will result in significant public benefits to the City within the contemplation of Section 6586 of the California Government Code; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Property Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Property Lease; and

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

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 will have the meanings herein specified for all purposes of this Property Lease, which meanings will be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein will have the meanings assigned to such terms in the Indenture.

"Addition" has the meaning assigned to such term in Section 12.03.

"Additional Rental" means all amounts payable to the Authority from the City as Additional Rental pursuant to Section 3.02 hereof.

"Agreement" means that certain Joint Exercise of Powers Agreement, dated as of November 10, 1992, by and between the City and the Parking Authority of the City of Beverly Hills, creating the Authority, together with any amendments thereof and supplements thereto.

"Base Rental" means all amounts payable to the Authority by the City as Base Rental pursuant to Section 3.01 hereof.

"Base Rental Payment Date" means any date on which Base Rental is scheduled to be paid hereunder, being May 25 and November 25 of each year, commencing on November 25, 2013 (subject to the provisions of Section 3.06 hereof).

"Base Rental Payment Schedule" means the schedule of Base Rental payments payable to the Authority from the City pursuant to Section 3.01 hereof, as set forth in Exhibit B hereto.

"Bonds" means the City of Beverly Hills Public Financing Authority 2013 Lease Revenue Refunding Bonds, Series A (2003 Refunding Project) in the initial aggregate principal amount of $_____.

"Business Day" means any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banks located in the city in which the principal corporate trust office of the Trustee is located are authorized or required by law to close.

"City" means the City of Beverly Hills, a municipal corporation duly organized and existing under the laws and the Constitution of the State of California.

"Code" means the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code will include reference to all successors to such section of the Code, when appropriate.

"Facilities" means the improvements constructed on the Site.

"Indenture" means the Indenture dated as of June 1, 2013, between the Authority and the Trustee authorizing the issuance of the Bonds, as it may from time to time be amended or supplemented by any supplemental trust agreement adopted or entered into pursuant to the provisions thereof.

"Interest Payment Date" means June 1 and December 1 of each year, commencing on December 1, 2013.

"Lease Year" means the period from the date of the issuance and delivery of the Bonds to May 31, 2014, and thereafter the period from each June 1 to and including May 31 of the next succeeding calendar year during the term of this Property Lease.

"Leased Property" means the Site and the Facilities.

"Opinion of Bond Counsel" means a written opinion of an attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Owner" means the registered owner of any of the Bonds.

"Permitted Encumbrances" means, as of any particular time:

(a) liens for general ad valorem taxes and assessments, if any, not then delinquent;

(b) the Site Lease and the Property Lease;

(c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law;

(d) leases, easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of initial delivery of the Bonds and which do not materially impair the use by the City or the value to the City of the Leased Property; and

(e) leases, easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Leased Property and which do not materially impair the use by the City or the value to the City of the Leased Property.

"Prior Lease" means the Lease Agreement, dated as of March 1, 2003, between the City and the Authority.

"Property Lease" means this lease, as it may be amended in accordance with the terms hereof.

"Risk Manager" means such person or firm of favorable reputation, qualified and experienced in the field of insurance and risk management consultation with respect to structures of the same nature as the Facilities, as may from time to time be designated by the City, and who may be employed by the City.

"Site" means the real property described in Exhibit A attached hereto and made a part hereof, and, as appropriate, any site relating to Substitute Leased Property.

"Site Lease" means the Site and Facility Lease dated as of June 1, 2013 between the City, as lessor, and the Authority, as lessee, as it may be amended in accordance with the terms thereof.

"Substitute Leased Property" means any and all real property and the improvements thereon in the City and all additions and extensions or improvements thereto that are hereafter described as Substitute Leased Property by an amendment to this Property Lease as provided herein.

"Substitution" means the release of the Leased Property or any portion thereof from the leasehold hereof and the lease of a Substitute Leased Property hereunder as provided in Article XII.

"Trustee" means U.S. Bank National Association, and its successors and assigns, as trustee under the Indenture.

ARTICLE II

LEASE OF LEASED PROPERTY; TERM

Section 2.01. Lease of Leased Property. The Authority hereby leases to the City, and the City hereby hires from the Authority, the Leased Property on the terms and conditions hereinafter set forth. The City hereby agrees and covenants that during the term hereof, except as hereinafter provided, it will use the Leased Property for public purposes, subject to and consistent with all agreements and leases with respect thereto, so as to afford the public the benefits contemplated hereby and so as to permit the Authority to carry out its agreements and covenants contained herein and therein and in the Indenture, and the City hereby further agrees and covenants that during the term hereof it will not abandon or vacate the Leased Property. The Authority and the City are entering into this Property Lease in order to refund the Prior Bonds.

Section 2.02. Term. The term hereof will commence on the date of issuance of the Bonds, and will end on May 31, 2015. If on May 31, 2015, the Indenture will not be discharged by its terms, then the term of the Property Lease will be extended until the Indenture will be discharged by its terms, except that the term of the Property Lease will in no event be extended beyond May 31, 2020. If prior to May 31, 2015, the Indenture will be discharged by its terms, then the term of the Property Lease will terminate upon such discharge.

ARTICLE III

RENTAL PAYMENTS

Section 3.01. Base Rental. The City will pay to the Authority as Base Rental for the use and occupancy of the Leased Property (subject to the provisions of Sections 2.02, 3.03. 3.06 and 8.01 of this Property Lease) the amounts at the times specified in and in accordance with the Base Rental Payment Schedule set forth in Exhibit B. Base Rental will be payable on each Base Rental Payment Date during the term of this Lease. Base Rental will be for the use and occupancy of the Leased Property for the Lease Year in which such May 25 and November 25 occurs, provided that the Base Rental paid on any May 25 or November 25 will only be for that portion of the applicable period that the City has use and occupancy of all or a portion of the Leased Property. If the term of this Property Lease is extended pursuant to Section 2.02 hereof, the payments of Base Rental will continue to and including such time as this Property Lease terminates in accordance with Section 2.02 hereof.

The City will provide written notice to the Trustee at least 10 Business Days prior to any Base Rental Payment Date upon which the City expects to be unable to pay all or any portion of the Base Rental payment due on such Base Rental Payment Date, informing the Trustee of such expectation.

The City will receive a credit for any Base Rental payment if and to the extent a credit is due to the City pursuant to the last sentence of Section 3.04 hereof. Further any amount held in the Revenue Fund, the Interest Fund and the Principal Fund on any Base Rental Payment Date (other than amounts resulting from the prepayment of the Base Rental payments in part but not in whole under Article III and other than amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the Base Rental payment then required to be paid hereunder; and no Base Rental payment need be deposited with the Trustee on any Base Rental Payment Date if the amounts then held in the Revenue Fund, the Interest Fund and the Principal Fund are at least equal to the Base Rental payment then required to be deposited with the Trustee.

Section 3.02. Additional Rental. The City will also pay to the Authority (but only after payment of Base Rental), as Additional Rental hereunder such amounts as will be required by the Authority for the payment of the following:

(a) All taxes, assessments or governmental charges of any type or nature charged to the Authority or affecting the Leased Property or the respective interests or estates of the Authority or the City therein, or affecting the amount available to the Authority from rentals received hereunder for the retirement of the Bonds (including taxes, assessments or governmental charges assessed or levied by any governmental agency or district having power to levy taxes, assessments or governmental charges).

(b) All reasonable administrative costs of the Authority relating to the Leased Property including, but without limiting the generality of the foregoing, salaries, wages, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of

the Indenture or to defend the Authority and its members, officers, agents and employees.

(c) Insurance premiums for all insurance required pursuant to Article VI of this Property Lease and not obtained by the City.

(d) Amounts, if any, required to be rebated by the Authority to the United States of America pursuant to Section 6.20(b) of the Indenture.

Such Additional Rental will be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed will be paid by the City within 60 days after receipt of the bill by the City.

Section 3.03. Fair Rental Value. Such payments of the foregoing Base Rental and Additional Rental during the term of this Property Lease will constitute the total rental for the City's use and occupancy of the Leased Property for the Lease Year in which such payments are scheduled to be made, and the parties hereto have agreed and determined that such total rental represents the fair rental value of the Leased Property. In making such determination, consideration has been given to the costs of financing and leasing of the Leased Property by the Authority, the uses and purposes which may be served by the Leased Property, and the benefits which will accrue to the Authority, the City and the general public therefrom.

Notwithstanding any other provision of this Property Lease, in the event that rental payments due hereunder will be abated partially for any period of time, the rental payments due for such period of time will not exceed the fair rental value of that portion of the Leased Property available for use and occupancy by the City during such period of time.

Section 3.04. Payment Provisions. Each installment of Base Rental and Additional Rental payable hereunder will be paid in lawful money of the United States of America to or upon the order of the Authority at the principal corporate trust office of the Trustee in Los Angeles, California, or such other place as the Authority or the Trustee, as assignee of the Authority, will designate. Any delinquent installment of Base Rental payable hereunder will be deposited in the Revenue Fund created under the Indenture, and, except as otherwise provided herein, any such installment of Base Rental or Additional Rental accruing hereunder which will not be paid when due will, from and after such due date until paid, bear interest at the highest interest rate on any outstanding Bond or such lesser rate as may be permitted by law. Notwithstanding any dispute between the Authority and the City, the City will make all rental payments when due without deduction or offset of any kind and will not withhold any rental payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, will be credited against subsequent rental payments due hereunder or, at the City's option, refunded at the time of such determination.

Section 3.05. Appropriations Covenant. The City covenants to take such action as may be necessary to include all Base Rental payments and Additional Rental due hereunder in its annual budgets and to make necessary annual appropriations for all such rental payments. The City will deliver to the Authority and the Trustee copies of the portion of each proposed City budget relating to the payment of rentals hereunder within thirty (30) days after the first publication of notice of hearing thereof and of the portion of the appropriation resolution or

ordinance relating to the payment of rentals hereunder within thirty (30) days after the filing or adoption thereof. In no event will any of the deliveries described in the preceding sentence be delivered later than October 1 of each calendar year. The covenants on the part of the City herein contained will be deemed to be and will be construed to be duties imposed by law and it will be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Property Lease agreed to be carried out and performed by the City.

Section 3.06. Rental Abatement.

(a) During any period in which by reason of material damage to or destruction of the Leased Property, or condemnation of or defects in the title of the Leased Property, there is substantial interference with the use and occupancy by the City of any portion of the Leased Property, or the City is otherwise not able to use or enjoy the benefit of the Leased Property, rental payments due hereunder will be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Property Lease by virtue of any such interference or lack of use and the Property Lease will continue in full force and effect. Subject to Section 3.03 hereof, in the case of abatement relating to the Leased Property, the amount of abatement will be in that proportion which the value of that portion of the Leased Property rendered unusable bears to the value of the whole of the Leased Property. The City will calculate such abatement and will provide the Authority and the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement will continue for the period commencing with the date of such damage or destruction and ending with the substantial completion of the work of repair or replacement of the Leased Property so damaged or destroyed; and the term of this Property Lease will be extended by the period during which the rental is abated hereunder, except that the term will in no event be extended beyond the term set forth in Section 2.02 hereof, and the term will be extended only for those periods during which the net proceeds of rental interruption insurance described in (b) below is not sufficient to make the debt service payments on the Bonds. Notwithstanding the foregoing, the City will still be obligated to apply amounts legally available to the City for payments due hereunder, including without limitation, amounts available pursuant to Section 5.02 of the Indenture (including all subsections thereof), amounts available from the Surplus Revenue Fund (each as defined in the Indenture), amounts described in (b) below, amounts described in Section 8.01, and amounts available under Section 6.13 of the Indenture.

(b) The City hereby acknowledges and agrees that during any period of abatement with respect to all or any part of the Site, the City will use the proceeds of rental interruption insurance maintained pursuant to Section 6.03 hereof to make debt service payments on the Bonds.

Section 3.07. Application of Rental Payments. All rental payments received will be applied first to the Base Rental payments due hereunder, and then to the Additional Rental payments due hereunder, but no such application of any payments which are less than the total rental due and owing will be deemed a waiver of any default hereunder.

Section 3.08. Prepayment of Rental Payments.

(a) The City will prepay, as and if required by Sections 6.13 and 6.17 of the Indenture, from eminent domain proceeds or net insurance proceeds received by it, all or any portion of the Base Rental payments then unpaid, in whole on any date, or in part on any date in amounts which result in Bonds being redeemed in integral multiples of $5,000 so that the aggregate annual amount of Bonds maturing in each year after such prepayment date will each be in an integral multiple of $5,000, at a prepayment price equal to the sum of the principal components prepaid plus accrued interest thereon to the date of prepayment. Such prepayment will be apportioned among Base Rental payments such that Bonds will be redeemed on a proportionate basis or, if necessary, in such other manner to ensure that the Base Rental payments remaining after such prepayment will be sufficient to pay debt service on the Bonds on a timely basis.

(b) Before making any prepayment pursuant to this section, the City will, as soon as practicable following the event creating such right or obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the amount of the prepayment and the date on which the prepayment will be made, which date will be not less than 45 nor more than 60 days from the date such notice is given.

(c) In connection with any prepayment of Base Rental payments, the City and the Authority will amend the schedules of remaining Base Rental payments attached to this Property Lease as Exhibit B.

Section 3.09. Governmental Relief. The Authority and the City hereby covenant that, in the event it is necessary to ensure the timely payment of the debt service on the Bonds, they will each use their best efforts to appropriate funds and apply for any grants, loans or other relief available from the State or federal government in order to obtain amounts necessary to rebuild any portion of the Leased Property destroyed or damaged in connection with an uninsured or underinsured calamity causing destruction or damage.

Section 3.10. No Obligation to Pay Rent for Future Years. Notwithstanding any other provision of this Property Lease, the City will in no event be obligated to pay rental due hereunder in any Lease Year for any succeeding Lease Year prior to the date such rental payment is due.

ARTICLE IV

TITLE TO THE LEASED PROPERTY

Section 4.01. Title to the Leased Property. During the term of the Property Lease, the Authority will hold a leasehold interest in the Leased Property pursuant to the Site Lease. Title to all moveable property that is placed in or about the Leased Property by the City during the term of the Property Lease will remain in the City during the term of the Property Lease.

The Authority's interest in and title to the Leased Property will be transferred, conveyed and assigned to and become vested in the City and the Property Lease will terminate with respect thereto at the end of the term hereof, upon payment in full of all rental payments due hereunder pertaining to the Leased Property, and the Authority will execute and deliver such conveyances, registration documents and other instruments as may be necessary to effect such vesting of record.

Section 4.02. Refinancing of the Prior Bonds. The City agrees to use the proceeds of the Bonds to refund the Prior Bonds. Payment for the refinancing of the Prior Lease will be made from proceeds of the Bonds deposited in the Refunding Fund, which will be disbursed for this purpose in accordance and upon compliance with Section 3.05 of the Indenture.

ARTICLE V

MAINTENANCE OF THE LEASED PROPERTY; ALTERATIONS AND ADDITIONS

Section 5.01. Maintenance and Utilities. Throughout the term of this Property Lease, as part of the consideration for rental of the Leased Property, all improvement, repair and maintenance of the Leased Property will be the responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water, sewer and all other utility services, and will pay for or otherwise arrange for payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the rental payments herein provided, the Authority agrees to provide only the use, possession and quiet enjoyment of the Leased Property.

Section 5.02. Changes to the Leased Property. Subject to the approval of the Authority, the City will have the right during the term of this Property Lease to make additions, alterations or improvements or to attach fixtures, structures or signs to the Leased Property if said additions, alterations, improvements, fixtures, structures and signs are necessary or beneficial for the use of the Leased Property by the City or otherwise do not adversely affect the fair market value of the Leased Property. The City may remove any fixture, structure or sign added by the City, but such removal will be accomplished so as to leave the Leased Property in substantially the same condition as it was in before the fixture, structure or sign was attached.

ARTICLE VI

INSURANCE

Section 6.01. General Liability and Automobile Liability Insurance. The City will maintain or cause to be maintained, throughout the term of this Property Lease, general liability insurance naming the Authority, its members, officers, agents and employees, the Trustee and the City and its officers, agents and employees as insured parties. Said policy or policies will insure said parties against liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Said policy or policies will provide coverage in the minimum amount of $5,000,000 combined single limit for bodily and personal injury, death and property damage per occurrence.

Section 6.02. Property Insurance.

(a) Throughout the term of this Property Lease, the City will maintain or cause to be maintained fire and lightning (i.e., property) insurance (with an extended coverage endorsement and with a vandalism and malicious mischief endorsement) on all structures constituting any part of the Leased Property in an amount equal to the lesser of (i) 100% of the replacement cost of such structures (less a deductible amount of not more than $1,000,000) or (ii) an amount equal to the then principal amount of the Outstanding Bonds. Said extended coverage endorsement will, as nearly as possible, cover loss or damage by such events as explosion, windstorm, hail, riot, civil commotion, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such endorsement, if such coverage is commercially available in reasonable amounts at reasonable cost on the open market from reputable insurance companies (as determined in the sole discretion of the City).

(b) Throughout the term of this Property Lease, the City will maintain, or cause to be maintained, earthquake insurance with respect to the Leased Property if it is obtainable in reasonable amounts at reasonable cost on the open market from reputable insurance companies (as determined in the sole discretion of the City).

(c) The City will provide, or cause to be provided by the Authority, the title insurance required by Section 6.13(b) of the Indenture.

(d) Each policy of insurance described in this Section 6.02 will contain a replacement cost endorsement providing for no deduction for depreciation and a stipulated amount endorsement.

Section 6.03. Rental Income Interruption Insurance. The City will maintain or cause to be maintained, throughout the term of this Property Lease, rental income interruption insurance in an amount not less than the total Base Rental payable by the City pursuant to this Property Lease during the next succeeding 24 months, plus the Additional Rental expected to be payable pursuant to this Property Lease for such period, to insure against loss of rental income from the Leased Property caused by perils covered by the insurance required by Section 6.02 of this Property Lease.

Section 6.04. Insurance Proceeds; Forms of Policies. So long as any of the Bonds remain outstanding, all policies of insurance required by Sections 6.02 and 6.03 hereof will

provide that all proceeds thereunder will be payable to the Trustee pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association (or any successor organizations with respect to such matters), and all amounts so paid to the Trustee will be applied as provided in the Indenture. Following payment in full of all rental payable hereunder, or provision therefor made, all such proceeds of insurance will be paid to the Authority and to the City as their respective interests may appear.

Section 6.05. Additional Provisions Relating to Insurance. All policies of insurance required by this Property Lease will be in form certified by the Risk Manager to be in compliance with the requirements of this Property Lease. The City will pay when due the premiums for all insurance policies required by this Property Lease, and promptly will furnish evidence of such payments to the Authority and the Trustee. All insurance required under this Property Lease will be primary to any other insurance available to the Authority and the Trustee, and will apply separately to each insured against whom claim is made or suit is brought and will provide that the Trustee will be given 30 days' prior written notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby, provided that such separate coverage will not increase the limit of liability under any such insurance. All insurance required to be maintained pursuant to this Property Lease may be maintained either separately or as a part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of participation by the City in a joint powers agency or other program providing pooled issuance. The Trustee will not be responsible for the sufficiency of any insurance herein required and will be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

Section 6.06. Alternative Risk Management Programs; Additional Insurance. Notwithstanding anything in this Article VI to the contrary, the City will have the right to adopt alternative risk management programs to insure against any of the risks required to be insured against under the terms of this Article VI, including a program of self-insurance (except self-insurance against loss of rental income as required by Section 6.03 hereof), in whole or in part. Any such alternative risk management program must be approved as reasonable and appropriate by the Risk Manager. The approval of the Risk Manager will be in the form of a report on the nature of the program and the adequacy of its funding which will be prepared and filed annually with the Trustee not later than August 1 of each year during any period when such program is in effect, commencing on or prior to the date such program is implemented. If such annual approving report is not timely filed with the Trustee, the Trustee will promptly notify the City in writing and the City will immediately obtain insurance as required by this Property Lease. In addition, the City Manager of the City may, if it is in the best interests of the City, approve such other types of insurance, including any increases in the insurance coverage required by this Article, upon the recommendation of the Risk Manager, or in connection with obtaining or maintaining any rating on the Bonds.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Defaults and Remedies.

(a) The City will be deemed to be in default hereunder (i) if it will (A) fail to pay any rental payable hereunder when the same becomes due and payable, time being expressly agreed to be of the essence in this Property Lease, or (B) fail to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the City; or (ii) upon the happening of any of the events specified in subsection (b) of this Section. The Authority may exercise any and all remedies available pursuant to law (other than those specifically waived herein) or granted pursuant to this Property Lease upon the occurrence of any default. The City will not be in default in the observance or performance of any covenant, condition or agreement in this Property Lease on its part to be observed or performed, other than as referred to in clauses (i)(A), or (ii) of the preceding sentence, unless the City will have failed, for a period of thirty (30) days or such additional time as is reasonably required, to correct any such default after notice by the Authority or the Trustee to the City properly specifying wherein the City has failed to perform any such covenant, condition or agreement.

Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, will have the option to do any of the following:

(1) To terminate this Property Lease with respect to that portion or portions of the Leased Property to which the default relates (as provided in (e) below) in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Leased Property as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Leased Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and place such personal property in storage in any warehouse or other suitable place in the City of Beverly Hills, or the County of Los Angeles, State of California; provided, however, that before exercising such remedy, the Authority will have received an Opinion of Bond Counsel to the effect that the exercise of such remedy will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. In the event of such termination, the City agrees to immediately surrender possession of the Leased Property, without impediment, and to pay the Authority all damages recoverable at law (other than as specifically waived herein) that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Leased Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Leased Property given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under this Property Lease will of itself operate to terminate this Property Lease, and no termination of this Property Lease on account of default by the City will be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Authority will have given written notice to the City of the

election on the part of the Authority to terminate this Property Lease. The City covenants and agrees that no surrender of the Leased Property or of the remainder of the term hereof or any termination of this Property Lease will be valid in any manner or for any purpose whatsoever unless stated by the Authority by such written notice.

(2) Without terminating this Property Lease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision hereof to be kept or performed by the City, and/or (ii) to exercise a right of entry or re-entry, and to re-let the Leased Property. In the event the Authority does not elect to terminate this Property Lease in the manner provided for in subparagraph (1) hereof, the City will remain liable under this Property Lease and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City; provided, however, that for so long as the Leased Property is not re-let, the Authority will not prevent the City from using, occupying and enjoying the Leased Property, subject only to entry or re-entry by the Authority to perform maintenance, or make repairs or alterations, or engage in such other activities as may be desirable in furtherance of an attempt to preserve or re-let the Leased Property. If the Leased Property is not re-let, the City will pay the full amount of the rent to the end of the term of this Property Lease as it becomes due, or, in the event that the Leased Property is re-let, to pay any resulting deficiency in rent as such rent becomes due; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Leased Property. Should the Authority elect to re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Leased Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Leased Property and to place such personal property in storage in any warehouse or other suitable place in the City of Beverly Hills, or the County of Los Angeles, State of California, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Leased Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Property Lease constitute full and sufficient notice of the right of the Authority to re-let the Leased Property in the event of such re-entry without effecting a surrender of this Property Lease, and further agrees that no acts of the Authority in effecting such re-letting will constitute a surrender or termination of this Property Lease irrespective of the use or the term (subject to the preceding sentence) for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Property Lease will vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The City further agrees to pay the Authority the cost of any alterations or additions to the Leased Property necessary to place the Leased Property in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations, to the extent such liability does not

constitute a debt or an indebtedness within the meaning of Section 18 of Article XVI of the California Constitution.

The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Leased Property as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Leased Property.

Notwithstanding anything to the contrary contained in this Property Lease, the Authority will not re-enter or re-let the Leased Property upon an Event of Default unless the Authority or its sublessee agrees to perform the City's obligations under any then existing sublease, license, management contract or other agreement substantially relating to the Leased Property, unless the other party to such sublease, license, management contract or other agreement is in default thereunder.

(b) If (1) the City's interest in this Property Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority as hereinafter provided for; or (2) the City or any assignee will file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such acts or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City will be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City will make a general or any assignment for the benefit of the City's creditors; or (3) the City will abandon or vacate any portion or portions of the Leased Property, then the City will be deemed to be in default hereunder with respect to that portion or portions of the Leased Property to which the default relates.

(c) The Authority will in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority will have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation.

(d) In addition to the other remedies set forth in this section, upon the occurrence of an event of default as described in this Section 7.01, the Authority and its assignee will be entitled to proceed to protect and enforce the rights vested in the Authority and its assignee by the Property Lease or by law except as specifically waived herein. The provisions of the Property Lease and the duties of the City and of elected officials, officers or employees will be enforceable by the Authority or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent

jurisdiction. Without limiting the generality of the foregoing, the Authority and its assignee will have the right to bring the following actions:

(1) Accounting. By a0000ction or suit in equity to require the City and its councilmembers, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or its assignee.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City (and its councilmembers, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided herein.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder will not impair the right of the Authority to the further exercise thereof or the exercise of any or all other rights, powers or privileges. The terms "re-let" or "re-letting" as used in this Section 7.01 will include, but not be limited to, re-letting by means of the operation by the Authority of the Leased Property. If any statute or rule of law validly will limit the remedies given to the Authority hereunder, the Authority nevertheless will be entitled to whatever remedies are allowable under any statute or rule of law, except those specifically waived herein.

In the event the Authority will prevail in any action brought to enforce any of the terms and provisions of this Property Lease, the City agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder.

Section 7.02. Waiver.

(a) Failure of the Authority to take advantage of any default on the part of the City will not be, or be construed as, a waiver thereof, nor will any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular default will not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder will not be, or be construed to be, a waiver of any term, covenant or condition of this Property Lease.

(b) The Authority specifically waives its rights under Section 1951.2 of the California Civil Code to accelerate payment of rent in the event of a default by the City hereunder.

ARTICLE VIII

EMINENT DOMAIN

Section 8.01. Eminent Domain. If the entirety of the Leased Property (or portions thereof such that the remainder is not usable for public purposes by the City) will be taken under the power of eminent domain, the term hereof will cease as of the day that possession will be so taken. If less than the entirety of the Leased Property will be taken under the power of eminent domain and the remainder is usable for public purposes by the City at the time of such taking, then the Property Lease will continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there will be a partial abatement of the rental due hereunder in an amount to be agreed upon by the City and the Authority, but, subject to Section 3.03 hereof, in no event will the rental be less than the amount required for the retirement of the Bonds and the payment of the interest thereon as such Bonds and interest become due. So long as any of the Bonds will be outstanding, any award made in eminent domain proceedings for taking the Leased Property or any portion thereof will be paid to the Trustee and applied as provided in the Indenture. Any such award made after all of the rentals have been fully paid, or provision therefor made, will be paid to the Authority and to the City as their respective interests may appear.

ARTICLE IX

COVENANTS

Section 9.01. Right of Entry. The Authority and its assignees will have the right to enter the Leased Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Authority's rights or obligations under this Property Lease, and (c) for all other lawful purposes.

Section 9.02. Liens. In the event the City will at any time during the term of this Property Lease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Leased Property, the City will pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Leased Property and which may be secured by a mechanic's, materialman's or other lien against the Leased Property or the Authority's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires to contest any such lien, it may do so. If any such lien will be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City will forthwith pay and discharge said judgment.

Section 9.03. Quiet Enjoyment. The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained, will at all times during the term of this Property Lease peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Authority.

Section 9.04. Authority Not Liable. The Authority and its members, officers, agents and employees, will not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Leased Property. The City will indemnify and hold the Authority and its members, officers, agents and employees, and the Trustee and its officers, agents and employees harmless from, and defend each of them against, any and all claims, liens and judgments arising from the construction, equipping or operation of the Leased Property, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Leased Property, but excepting claims, liens and judgments arising from the active negligence of the person or entity seeking indemnity. The provisions of this section will survive the termination of this Property Lease.

Section 9.05. Prohibition Against Encumbrance or Sale. The Authority and the City will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon the Leased Property, or upon any real or personal property essential to the operation of the Leased Property, except Permitted Encumbrances (none of which interferes with the City's beneficial use and enjoyment of the Leased Property). The Authority and the City will not sell or otherwise dispose of the Leased Property or any property essential to the proper operation of the Leased Property.

Section 9.06. Assignment. Neither this Property Lease nor any interest of the City hereunder will be mortgaged, pledged, assigned, sublet or transferred by the City by voluntary act or by operation by law or otherwise, except with the prior written consent of the Authority,

which will not be unreasonably withheld. Notwithstanding the prior sentence, the City will be entitled to sublease that portion of the Leased Property that it does need or require for its own operations.

Section 9.07. Tax Covenants.

(a) Private Activity Bond Limitation. The City and the Authority will assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) Federal Guarantee Prohibition. Neither the City nor the Authority will take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) Rebate Requirement. The City and the Authority will take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(d) No Arbitrage. Neither the City nor the Authority will take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) Maintenance of Tax-Exemption. The City and the Authority will take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds. In addition, neither the City nor the Authority will take any action or fail to take any action if the action or failure adversely affect the exclusion of interest on the Prior Bonds from the gross income of the owners of the Prior Bonds to the same extent as such interest was permitted to be excluded from gross income for federal income tax purposes on the date of issuance of the Prior Bonds.

(f) Record Retention. The City and the Authority will retain records of all accounting and monitoring it carries out with respect to the Bonds for at least 3 years after the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are redeemed and refunded, the City and the Authority will retain records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Bonds.

(g) Compliance with Tax Certificate. The City and the Authority will comply with the provisions of the Tax Certificate and the Use of Proceeds Certificate with respect to the Bonds, which are incorporated herein as if fully set forth herein.

The City and the Authority will at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that interest on the Bonds will not be included in the gross income of the owner thereof for federal income tax purposes and will take no action that would result in such interest being so included. The provisions of this Section will survive the defeasance of the Bonds.

Section 9.08. Nondiscrimination. The City and the Authority herein covenant by and for themselves and assigns, and all persons claiming under or through them, and this Property Lease is made and accepted upon and subject to the following conditions:

That there will be no discrimination against or segregation of any person or group of persons, on account of age, race, color, creed, religion, sex, marital status, sexual orientation, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor will the lessee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, subleases, subtenants, or vendees in the premises herein leased.

Section 9.09. Continuing Disclosure. The City hereby covenants and agrees to comply with and carry out all of the provisions of the continuing disclosure certificate or agreement (the "Continuing Disclosure Agreement") as originally executed as of the date of issuance and delivery of the Bonds, and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Property Lease, failure by the City to comply with the Continuing Disclosure Agreement will not constitute a default hereunder or under the Indenture; provided, however, that any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or any Owner or beneficial owner of the Bonds may take such action as may be necessary and appropriate to compel performance by the City of its obligations under this Section 9.09, including seeking mandamus or specific performance by court order. All capitalized terms used but not defined in this Section 9.09 will have the meanings given in the Continuing Disclosure Agreement.

ARTICLE X

DISCLAIMER OF WARRANTIES; USE OF THE LEASED PROPERTY

Section 10.01. Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF ANY PORTION OF THE LEASED PROPERTY OR A DEALER THEREIN AND THAT THE CITY LEASES THE LEASED PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event will the Authority be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Property Lease or the existence, furnishing, functioning or the City's use of the Leased Property as provided hereby.

Section 10.02. Use of the Leased Property. The City will not use, operate or maintain the Leased Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. The City will obtain all permits and licenses, if any, necessary for the use of the Leased Property. In addition, the City agrees to comply in all respects with all laws of the jurisdictions in which its operations involving any portion of the Leased Property may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Leased Property; provided, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the City, adversely affect the estate of the Authority in and to the Leased Property or its interest or rights hereunder.

ARTICLE XI

ASSIGNMENT AND INDEMNIFICATION

Section 11.01. Assignment by Authority. The parties understand that the Property Lease and the rights of the Authority hereunder will be assigned to the Trustee pursuant to the Indenture, and, accordingly the City agrees to make all rental payments due hereunder directly to the Trustee, notwithstanding any claim, defense, setoff or counterclaim whatsoever (whether arising from a breach hereof or otherwise) that the City may from time to time have against the Authority. The City agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements which may be reasonably requested by the Authority or the Trustee or any Owner to protect their interests in the Leased Property during the term hereof.

Section 11.02. Indemnification. The City will, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Authority and its members, officers and employees and the Trustee and its officers and employees from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of the cause thereof (other than the negligence or willful misconduct of the Authority, or its members, officers and employees or of the Trustee or its officers and employees), and reasonable expenses in connection therewith, including, without limitation, reasonable counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of the Property Lease, any accident in connection with the operation, use, condition or possession of the Leased Property or any portion thereof resulting in damage to property or injury to or death to any person, including without limitation any claim alleging latent and other defects, whether or not discoverable by the Authority or the City; any claim for patent, trademark or copyright infringement; any claim arising out of strict liability in tort; the presence on, under or about, or release from the Leased Property, or any portion thereof, of any substance, material or waste which is or becomes regulated or classified as hazardous or toxic under State, local or federal law and the violation of, or non-compliance with, any such laws by the City; or the exercise of the rights or duties of the Trustee under the Indenture. The indemnification arising under this section will continue in full force and effect notwithstanding the full payment of all obligations hereunder or the termination hereof for any reason. The City agrees not to withhold or abate any portion of the payments required pursuant hereto by reason of any defects, malfunctions, breakdowns or infirmities of the Leased Property. The Authority and the City mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

ARTICLE XII

SUBSTITUTION, RELEASE AND ADDITION OF LEASED PROPERTY

Section 12.01. Substitution of Leased Property.

(a) Whenever the City determines that the annual fair rental value of a proposed Substitute Leased Property is at least equal to the maximum annual Base Rental payments and Additional Rental payments yet unpaid hereunder and that the Substitute Leased Property is complete and is available for beneficial use and occupancy by the City, the City may amend Exhibit A to this Property Lease to substitute such Substitute Leased Property for all or a portion of the Leased Property hereunder upon compliance with all of the conditions set forth in subsection (b), and after a Substitution, all or a portion of the Leased Property originally leased hereunder will be released from the leasehold hereunder, as appropriate. The Authority and the City will also make any amendments needed to be made to this Property Lease, and will enter into any necessary site or ground leases in connection with such Substitution. Such amendments may be made without the consent of Bondowners.

(b) No Substitution will take place hereunder until the City delivers to the Authority and the Trustee the following:

(1) A certificate of the City based (with respect to clauses (i) and (ii) below) on an appraisal (which will be prepared by a certified appraiser selected by the City and who may be an employee of the City) stating that: (i) the annual fair rental value of the Substitute Leased Property is no less than the maximum annual Base Rental and Additional Rental remaining unpaid hereunder at the time of Substitution; (ii) the remaining useful life of such Substitute Leased Property is at least equal to the remaining term hereof; and (iii) the City will, at the time of the Substitution, have beneficial use and occupancy of the Substitute Leased Property.

(2) An Opinion of Bond Counsel to the effect that the amendment hereto has been duly authorized, executed and delivered and the Property Lease as so amended represents a valid and binding obligation of the City and the Authority and that the Substitution will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, the exemption of interest on the Bonds from State of California personal income tax.

(3) The City will cause to be recorded in the Office of the Los Angeles County Recorder an executed amendment to this Property Lease containing an amended Exhibit A, or a memorandum reflecting such amendment to Exhibit A.

(4) A CLTA standard form policy of title insurance in substantially the same form as delivered in connection with the issuance and delivery of the Bonds in at least the amount of the aggregate principal amount of outstanding Bonds at the time of the Substitution insuring the City's leasehold interest in the Substitute Leased Property hereunder, together with an endorsement thereto making such policy payable to the Trustee for the benefit of the Owners, and also together with an opinion of counsel to the City to the effect that the exceptions, if any, contained

in such policy do not interfere with the beneficial use and occupancy of the Substitute Leased Property by the City.

(5) A Certificate of the City stating that the City is in compliance with the insurance requirements of this Property Lease.

(6) Written notice of such Substitution will be given by the City to any Rating Agency then rating the Bonds.

Section 12.02. Removal of Leased Property. The City will have, and is hereby granted, the option at any time and from time to time during the term of this Property Lease to remove from this Property Lease any portion of the Leased Property; provided that the City will satisfy all of the following requirements which are hereby declared to be conditions precedent to such removal:

(a) No event of default has occurred and is continuing under this Property Lease.

(b) The City will file with the Authority and the Trustee an amended Exhibit A to this Property Lease that deletes the legal description of such Site or Leased Property.

(c) The City will cause to be recorded in the Office of the Los Angeles County Recorder a copy of an executed amendment to this Property Lease containing an amended Exhibit A, or a memorandum reflecting such amendment to Exhibit A.

(d) The City will cause to be filed with the Trustee an Opinion of Bond Counsel substantially to the effect that (i) such removal will not affect the obligation of the City to continue to pay Base Rental payments in the amounts and at the times and in the manner required by the Property Lease and (ii) such removal will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, the exemption of interest on the Bonds from State of California personal income tax.

(e) The City will file with the Authority and the Trustee an appraisal (which will be prepared by a certified appraiser selected by the City and who may be an employee of the City) stating that the annual fair rental value of the remaining Leased Property, taken into consideration the removal of the applicable portion of the Leased Property, is no less than the maximum annual Base Rental and Additional Rental remaining unpaid hereunder at the time of such removal.

(f) A letter from each rating agency then rating the Bonds to the effect that such removal will not reduce the then current rating on the Bonds.

Section 12.03. Addition of Leased Property. The City may, at any time it deems it necessary or advisable, amend this Property Lease, and enter into any necessary or advisable site or ground lease, to add additional property to the property originally leased hereunder. No such addition will take place hereunder until the City delivers to the Authority and the Trustee the opinion set forth in Section 12.01(b)(2), provided that in such instance the opinion will relate to the addition of Leased Property and not the substitution of Leased Property.

Section 12.04. Amendment of Site Lease. The Authority and the City will amend the Site Lease as necessary in order to accomplish any Substitution, Addition, or any release or addition pursuant to this Article XII.

ARTICLE XIII

DISCHARGE OF OBLIGATIONS

Section 13.01. Discharge of Obligations.

(a) If the City will pay or cause to be paid all the Base Rental payments and Additional Rental payments at the times and in the manner provided herein, the right, title and interest of the Authority herein and the obligations of the City hereunder will thereupon cease, terminate, become void and be completely discharged and satisfied, except only as provided in subsection (c).

(b) Any unpaid principal component of a Base Rental payment will on its scheduled Base Rental Payment Date or date of prepayment be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if the City makes payment of such Base Rental payment in the manner provided herein, and money for this purpose of such payment or prepayment is then held by the Trustee.

(c) All or any portion of any unpaid principal component of a Base Rental payment will, prior to its scheduled Base Rental Payment Date or date of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section (except that the City will remain liable for such Base Rental payment, but only out of such money or securities deposited with the Trustee as herein described for such payment) if (i) notice is provided to the Trustee as required by the Indenture, (ii) there will have been deposited with the Trustee either money in an amount which will be sufficient, or Defeasance Obligations which are not subject to redemption prior to maturity except by the holder thereof (including any such Defeasance Obligations issued or held in book entry form) the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Trustee at the same time, will be sufficient, as stated in a report of a nationally recognized independent certified public accountant addressed to the City and the Trustee verifying such sufficiency in full, to pay when due such principal component of the Base Rental payment or such portion thereof on and prior to its payment date or its date of prepayment, as the case may be, and the prepayment premium, if any, thereon, and (iii) an Opinion of Bond Counsel addressed to the City and the Trustee is filed to the effect that the action taken pursuant to this subsection will not cause the interest components of the Base Rental payments to be includable in gross income under the Code for federal income tax purposes and that the Bonds are no longer Outstanding (as that term is defined in the Indenture).

(d) After the payment of all Base Rental payments and any applicable prepayment premiums as provided in this section, and payment of the reasonable fees and expenses of the Trustee, the Trustee, upon request of the City, will cause an accounting to be made in accordance with industry standards and filed with the City and the Authority and will execute and deliver to the City and the Authority all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee will pay over and deliver to the City, after payment of all reasonable fees, expenses and other amounts owed to the Trustee, as an overpayment of Base Rental payments, all such moneys or investments held by it pursuant to the

Indenture other than such moneys and such Base Rental payments, which moneys and investments will continue to be held by the Trustee in trust for the payment of the Base Rental payments and will be applied by the Trustee pursuant to the Indenture.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Law Governing. This Property Lease will be governed exclusively by the laws of the State of California as the same from time to time exist.

Section 14.02. Notices. All notices or communications to be given under this Property Lease will be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice will be effective either (i) upon transmission by facsimile transmission or other form of telecommunication, confirmed by telephone, (ii) 72 hours after deposit in the United States mail, postage prepaid, or (iii) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the City or the Authority:	City of Beverly Hills 450 North Rexford Drive Beverly Hills, California 90210 Attention: Director of Administrative Services and Chief Financial Officer Telephone: (310) 285-2411 Fax: (805) 525-6278
If to the Trustee:	U.S. Bank National Association 633 West Fifth Street, 24th Floor Los Angeles, California 90071 Attention: Corporate Trust Services Telephone: (213) 615-6024 Fax: (213) 615-6199

Section 14.03. Validity and Severability. If for any reason this Property Lease will be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Property Lease is and will be deemed to be a Property Lease under which the rental payments due in any fiscal year of the City are subject to annual appropriation and are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Leased Property, and all of the rental and other terms, provisions and conditions of this Property Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, will remain in full force and effect.

Section 14.04. Net-Net-Net Lease. This Property Lease will be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the rentals provided for herein will be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 14.05. Taxes. The parties understand and agree that the Leased Property constitutes public property free and exempt from all taxation; however, the Authority agrees to take whatever steps may be necessary, upon written request by the City, to contest any proposed valuation, the amount of any proposed tax or assessment, or to take steps necessary to recover any tax or assessment paid. The City agrees to reimburse the Authority for any and all costs and expenses thus incurred by the Authority.

Section 14.06. Article and Section Headings. All article and section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Property Lease.

Section 14.07. Execution. This Property Lease may be executed in any number of counterparts, each of which will be deemed to be an original, but all together will constitute but one and the same Property Lease. It is also agreed that separate counterparts of this Property Lease may separately be executed by the Authority and the City, all with the same force and effect as though the same counterpart had been executed by both the Authority and the City.

Section 14.08. Third Party Beneficiaries. The Trustee is hereby, designated as a third party beneficiary hereunder for the purpose of enforcing any of the rights hereunder assigned to the Trustee under the Indenture.

Section 14.09. Amendment. This Property Lease may be amended in the event of a partial refunding of the Bonds in order to set forth a revised schedule of Base Rental payments, but only if the resulting Base Rental payments due hereunder after such amendment in each Fiscal Year do not exceed the Base Rental payments due in each such Fiscal Year prior to the amendment. This Property Lease may otherwise be amended only as is permitted by Article XII hereof or in accordance with the requirements relating to the modification or amendment of the Indenture as provided in Article IX of the Indenture.

IN WITNESS WHEREOF, the Authority and the City have caused this Property Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY, *as Lessor*

By _____
Don Rhoads
Treasurer

ATTEST:

_____
Byron Pope,
Secretary

CITY OF BEVERLY HILLS, *as Lessee*

By _____
Don Rhoads,
Director of Administrative Services
and Chief Financial Officer

[CERTIFICATE OF ACCEPTANCE]

EXHIBIT A

DESCRIPTION OF THE SITE

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

(End of Legal Description)

EXHIBIT B

BASE RENTAL PAYMENT SCHEDULE

Date	Principal	Interest	Total Debt Service
November 25, 2013			
May 25, 2014			
November 25, 2014			
May 25, 2015			

Recording Requested By
CITY OF BEVERLY HILLS

When Recorded Mail To:
Stephen G. Melikian
JONES HALL, A PROFESSIONAL LAW CORPORATION
650 California Street, 18th Floor
San Francisco, California 94108

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

SITE AND FACILITY LEASE

between

CITY OF BEVERLY HILLS,
as Lessor

and the

CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY,
as Lessee

Dated as of June 1, 2013

Relating to

$_____
City of Beverly Hills Public Financing Authority
2013 Lease Revenue Refunding Bonds, Series A
(2003 Refunding Project)

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SITE AND FACILITY LEASE

THIS **SITE AND FACILITY LEASE** (the "Site Lease") is dated as of June 1, 2013, between the CITY OF BEVERLY HILLS, a municipal corporation duly organized and existing under the Constitution and laws of the State of California, as lessor (the "City"), and the CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY, a joint powers agency duly organized and existing under the laws of the State of California (the "Authority"), as lessee.

RECITALS

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated November 10, 1992, between the City of Beverly Hills (the "City") and the Parking Authority of the Beverly Hills, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for the purpose, among other things, of financing and refinancing public capital projects for the City; and

WHEREAS, the City desires to refinance certain existing lease obligations previously entered into between the Authority and the City by leasing to the Authority certain real property located in Beverly Hills, California (the "Site") and the improvements constructed thereon (the "Facility" and together with the Site, the "Leased Property"), which Site is described in Exhibit A hereto and incorporated herein by reference; and

WHEREAS, the Authority will, through the issuance of its 2013 Lease Revenue Refunding Bonds, Series A (2003 Refunding Project) (the "Bonds"), pursuant to an Indenture, dated as of June 1, 2013 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee, obtain the necessary funds to refund the Prior Bonds (as defined in the hereinafter mentioned Indenture); and

WHEREAS, the City will lease back the Leased Property from the Authority pursuant to a Property Lease dated as of June 1, 2013, between the Authority, as lessor, and the City, as lessee (the "Property Lease"), which is being recorded concurrently herewith, and will pay to the Authority base rental payments and additional rental pursuant to the Property Lease sufficient to pay principal of and premium and interest, if any, on the Bonds and certain related expenses, all as provided in the Property Lease and the Indenture;

WHEREAS, the Authority and the City have duly authorized the execution and delivery of this Site Lease;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions. All terms specifically defined in the Indenture and in the Property Lease will have the same respective meanings when used herein.

Section 1.02. Article and Section Headings. Unless otherwise specified, references to Articles, Sections, and other subdivisions of this Site Lease are to be designated Articles, Sections, and other subdivisions of this Site Lease as originally executed. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, will be solely for convenience of reference and will not affect the meaning, construction or effect of the provisions hereof.

Section 1.03. References to Agreement. The words "hereof", "herein", "hereunder", and words of similar import refer to this Site Lease as a whole.

Section 1.04. Number and Gender. The singular form of any word used herein, including terms defined as provided in Section 1.01, will include the plural, and vice versa. The use of a word of any gender will include all genders.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01. Representations, Covenants and Warranties of the City. The City represents, covenants and warrants to the Authority as follows:

(a) Due Organization and Existence. The City is a municipal corporation duly organized and existing under the Constitution and laws of the State.

(b) Authorization. The laws of the State authorize the City to enter into this Site Lease and to enter into the transactions contemplated by and to carry out its obligations under this Site Lease, and the City has duly authorized and executed this Site Lease.

(c) No Violations. Neither the execution and delivery of this Site Lease nor the fulfillment of or compliance with the terms and conditions hereof nor the consummation of the transactions contemplated hereby, conflicts in any material manner with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the City, or upon the Leased Property, except Permitted Encumbrances.

(d) Title to Leased Property. The City has fee simple title to the Leased Property, subject only to Permitted Encumbrances.

Section 2.02. Representations, Covenants and Warranties of Authority. The Authority represents, covenants and warrants to the City as follows:

(a) Due Organization and Existence. The Authority is a joint exercise of powers authority duly formed, operating and existing under the laws of the State; has power to enter into the Site Lease; is possessed of full power to sublease real and personal property; and has duly authorized the execution and delivery of this Site Lease.

(b) Authorization. The laws of the State authorize the Authority to enter into this Site Lease and to enter into the transactions contemplated by and to carry out its obligations under this Site Lease, and the Authority has duly authorized and executed this Site Lease.

(c) No Violations. Neither the execution and delivery of this Site Lease nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts in any material manner with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Authority, or upon the Leased Property, except Permitted Encumbrances.

ARTICLE III

AGREEMENT TO LEASE; TERM OF SITE LEASE; SITE LEASE PAYMENT

Section 3.01. Lease. The City hereby leases the Leased Property to the Authority, and the Authority hereby leases the Leased Property from the City, upon the terms and conditions set forth in this Site Lease.

Section 3.02. Term. The term hereof will commence on the date of the issuance of the Bonds, and will end on May 31, 2015. If on May 31, 2015, the Indenture will not be discharged by its terms, then the term of this Site Lease will be extended until the Indenture will be discharged by its terms, except that the term of this Site Lease will in no event be extended beyond May 31, 2020. If prior to May 31, 2015 the Indenture will be discharged by its terms, then the term of this Site Lease will terminate upon such discharge.

Section 3.03. Site Lease Payment. As rental for Leased Property during the Term, the Authority agrees to apply amounts on deposit in the Refunding Fund to the refunding of the Prior Bonds.

Section 3.04. Title. The City hereby covenants that it has insurable fee title in the Leased Property, and during the Term, the City will hold title to the Leased Property.

Section 3.05. No Merger. It is the express intention of the parties hereto that this Site Lease and the obligations of the parties hereunder will be and remain separate and distinct from the Property Lease and the obligations of the parties thereunder, and that during the term of the Property Lease no merger of title or interest occur or be deemed to occur as a result of the position of the City as lessee under the Property Lease and as lessor under this Site Lease, or the position of the Authority as lessee under this Site Lease.

Section 3.06. Substitution, Addition or Removal of Leased Property. The Leased Property may be substituted, added to or removed in part in implementation of the provisions of Section 12.01, Section 12.02 or Section 12.03, as applicable, of the Property Lease, and in such event, Exhibit A hereto will be revised accordingly.

ARTICLE IV

EMINENT DOMAIN; NET PROCEEDS

Section 4.01. Eminent Domain. If all of the Leased Property will be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term will cease as of the day possession will be so taken. If less than all of the Leased Property will be taken permanently, or if all of the Leased Property or any part thereof will be taken temporarily, under the power of eminent domain, this Site Lease will continue in full force and effect and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary.

Section 4.02. Application of Net Proceeds. The net proceeds of any insurance award resulting from any damage to or destruction of the Leased Property by fire or other casualty, and the net proceeds of any eminent domain award resulting from any event described in Section 4.01 hereof, will be applied as set forth in the Property Lease and the Indenture. All such net proceeds will be paid to the City or the Trustee as their interests may appear under the Property Lease, and the Authority hereby waives any and all right, title and interest which it may have in and to any such net proceeds by virtue of its estate in the Leased Property under this Site Lease.

ARTICLE V

MISCELLANEOUS

Section 5.01. Liens. The Authority will not, directly or indirectly, create, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than the respective rights of the Authority and the City as herein provided and Permitted Encumbrances.

Section 5.02. Assignment and Subleasing by the Authority. For the purpose of providing funds to enable the Authority to aid the City in refinancing the capital improvements financed and refinanced from the proceeds of the Prior Bonds, the Authority has subleased the Leased Property to the City pursuant to the Property Lease. The Authority will not have the right to further sublease or to assign any of its interests under this Site Lease in and to the Leased Property or any portion thereof.

Section 5.03. Amendment. Without the prior written consent of the Trustee, the Authority and the City will not alter, modify or cancel, or agree or consent to alter, modify or cancel this Site Lease, except as is required in connection with the amendment of the Property Lease.

Section 5.04. Notices. All notices or communications to be given under this Indenture will be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice will be effective either (i) upon transmission by facsimile transmission or other form of telecommunication, confirmed by telephone, (ii) 72 hours after deposit in the United States mail, postage prepaid, or (iii) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the City or the Authority:	City of Beverly Hills 450 North Rexford Drive Beverly Hills, California 90210 Attention: Director of Administrative Services and Chief Financial Officer Telephone: (310) 285-2411 Fax: (805) 525-6278
If to the Trustee:	U.S. Bank National Association 633 West Fifth Street, 24th Floor Los Angeles, California 90071 Attention: Corporate Trust Services Telephone: (213) 615-6024 Fax: (213) 615-6199

Section 5.05. Binding Effect. This Site Lease will inure to the benefit of and will be binding upon the Authority and the City and their respective successors and assigns.

Section 5.06. Severability. In the event any provision of this Site Lease will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 5.07. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be or for carrying out the expressed intention of this Site Lease.

Section 5.08. Execution in Counterparts. This Site Lease may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 5.09. Applicable Law. This Site Lease will be governed by and construed in accordance with the laws of the State.

Section 5.10. Captions. The captions or headings in this Site Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Site Lease.

* * * * *

IN WITNESS WHEREOF, the Authority has caused this Site Lease to be executed in its name by its duly authorized officer; and the City has caused this Site Lease to be executed in its name by its duly authorized officer, all as of the date first above written.

CITY OF BEVERLY HILLS, *as Lessor*

By _____
Don Rhoads
Director of Administrative Services
and Chief Financial Officer

CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY, *as Lessee*

By _____
Don Rhoads
Treasurer

ATTEST:

_____
Byron Pope,
Secretary

[CERTIFICATE OF ACCEPTANCE]

EXHIBIT A

DESCRIPTION OF SITE

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

(End of Legal Description)

IRREVOCABLE REFUNDING INSTRUCTIONS

Relating to:

City of Beverly Hills Public Financing Authority
Lease Revenue Bonds
2003 Refunding Series A

These IRREVOCABLE REFUNDING INSTRUCTIONS (these "Instructions") are dated as of June 1, 2013 and are given by the CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), and the CITY OF BEVERLY HILLS, a municipal corporation duly organized and existing under the laws of the State of California (the "City") to U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee for the 2003 Bonds described below (the "2003 Trustee").

BACKGROUND

1. The Authority is issuing $_____ aggregate principal amount of its 2013 Lease Revenue Refunding Bonds, Series A (2003 Refunding Project) (the "2013 Bonds") pursuant to an Indenture dated as of June 1, 2013 (the "Indenture") between the Authority and U.S. Bank National Association, as trustee for the 2013 Bonds (the "2013 Trustee").

3. The 2013 Bonds are being issued for the purpose of providing moneys sufficient to refund the outstanding Authority's Lease Revenue Bonds, 2003 Refunding Series A (the "2003 Bonds").

4. The 2003 Bonds are subject to redemption on any date commencing June 1, 2013, and the Authority has determined to redeem the 2003 Bonds on June __, 2013.

5. In order to accomplish the refunding of the outstanding 2003 Bonds, the Authority will deposit, or cause to be deposited, a portion of the proceeds of the 2013 Bonds with the 2003 Trustee in accordance with these Instructions.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Creation of Escrow Fund. The 2003 Trustee is directed to establish a special and irrevocable escrow fund (the "Escrow Fund") to be held in the custody of the 2003 Trustee in trust for the benefit of the owners of all of the outstanding 2003 Bonds. The Escrow Fund will be held in trust solely for the benefit of the owners of the 2003 Bonds and the moneys and securities held in the Escrow Fund will be irrevocably set aside for the payment of the 2003 Bonds as provided herein. The Authority will have no interest in the funds or investments held in the Escrow Fund.

Section 2. Deposit to the Escrow Fund; Investment. The 2003 Trustee will deposit the amount of $_____ in the Escrow Fund, all of which is derived from the proceeds of the

2013 Bonds, . The 2003 Trustee will hold such amounts uninvested in cash in the Escrow Fund.

Section 3. Instructions as to Payment of 2003 Bonds. The 2003 Trustee will apply the amounts held in the Escrow Fund for the sole purposes of redeeming all of the outstanding 2003 Bonds on June __, 2013, at a price of par, plus accrued interest.

The Escrow Bank has no lien upon or right of set off against the securities and cash at any time on deposit in the Escrow Fund. Any moneys remaining in the Escrow Fund following redemption of the 2003 Bonds as described above will be transferred to the 2013 Trustee for deposit in the Debt Service Fund relating to the 2013 Bonds.

Section 4. Notice of Redemption; Irrevocable Election to Redeem.

(a) The Authority hereby instructs the 2003 Trustee to give notice of the redemption of the 2003 Bonds hereto in accordance with the requirements of Section 2.03(c) of the Indenture dated as of March 1, 2002 (the "2003 Indenture") between the Authority and the 2003 Trustee relating to the 2003 Bonds.

(b) In accordance with Section 10.03 of the 2003 Indenture, the Authority hereby signifies that, by making the deposits in the Escrow Fund described in Section 2 above, it is discharging all of the 2003 Bonds. The Authority further acknowledges that such deposit constitutes a full prepayment of the outstanding Base Rental payments under Section 11(b) of the Lease Agreement dated as of March 1, 2003 ("2003 Lease") between the Authority, as lessor, and the City, as lessee.

Section 5. Compensation of 2003 Trustee. For acting under these Instructions, the 2003 Trustee will be entitled to payment of fees for its services and reimbursement of advances, counsel fees and other expenses reasonably and necessarily made or incurred by the 2003 Trustee in connection with its services under these Instructions; however, such amount will never be payable from or become a lien upon the Escrow Fund.

Section 6. Application of Certain Terms of 2003 Indenture. All of the terms of the 2003 Indenture relating to the payment and redemption of principal of and interest and redemption premium, if any, on the 2003 Bonds, and the protections, immunities and limitations from liability afforded the 2003 Trustee, are incorporated in these Instructions as if set forth in full herein.

Section 7. Counterparts. These Instructions may be signed in several counterparts, each of which will constitute an original, but all of which will constitute one and the same instrument.

CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY

By: _____
Treasurer

CITY OF BEVERLY HILLS

By _____
Director of Administrative Services and
Chief Financial Officer

Accepted:

U.S. BANK NATIONAL ASSOCIATION,
as 2003 Trustee

By: _____
Authorized Officer

[Signature page to Irrevocable Refunding Instructions]

AFTER RECORDATION RETURN TO:

JONES HALL,
A PROFESSIONAL LAW CORPORATION
650 California Street, 18th Floor
San Francisco, CA 94108
Attention: Stephen G. Melikian, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

TERMINATION AGREEMENT

This TERMINATION AGREEMENT (this "Termination Agreement") is dated as of June 1, 2013, and is by and among the CITY OF BEVERLY HILLS, a municipal corporation and charter city duly organized and existing under the laws of the State of California (the "City"), the CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "2003 Trustee").

WITNESSETH:

WHEREAS, the City and the Authority have previously entered into the following leases (collectively, the "2003 Leases"):

(i) that certain Project Lease dated as of March 1, 2003 (the "2003 Project Lease") and recorded on March 3, 2003 as Instrument No. 03-0599014 in the official records of the Los Angeles County Registrar – Recorder; and

(ii) that certain Lease Agreement dated as of March 1, 2003 (the "2003 Lease Agreement") and recorded on March 3, 2003 as Instrument No. 03-0599015 in the official records of the Los Angeles County Registrar – Recorder;

WHEREAS, the Authority assigned certain of its rights under the 2003 Leases, including the right to receive lease payments under the 2003 Lease Agreement (the "2003 Base Rental Payments"), to the 2003 Trustee, as trustee for the City of Beverly Hills Public Financing Authority Lease Revenue Bonds, 2003 Refunding Series A (the "2003 Bonds"), pursuant to an Assignment Agreement dated as of March 1, 2003 (the "2003 Assignment") between the Authority and the 2003 Trustee and recorded on March 3, 2003 as Instrument No. 03-0599016 in the official records of the Los Angeles County Registrar – Recorder; and

WHEREAS, the 2003 Bonds have been repaid in full, and as a result, the 2003 Base Rental Payments have been prepaid and discharged;

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Termination.

(a) By virtue of the Authority's payment of all of the 2003 Bonds and the City's prepayment of the 2003 Base Rental Payments, (i) all obligations of the City and the Authority under the 2003 Leases have ceased and terminated, and (ii) the right of the 2003 Trustee to receive 2003 Base Rental Payments under the 2003 Lease Agreement and the 2003 Assignment has terminated.

(b) In accordance with the foregoing, the 2003 Project Lease, the 2003 Lease Agreement and the 2003 Assignment are hereby terminated and are of no further force or effect.

(c) From and after the date hereof, none of the parties shall have any further rights or obligations under the 2003 Leases or the 2003 Assignment except as expressly provided therein.

Section 2. Execution in Counterparts. This Termination Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Termination Agreement.

CITY OF BEVERLY HILLS

By: _____
Don Rhoads,
Director of Administrative Services
and Chief Financial Officer

CITY OF BEVERLY HILLS PUBLIC
FINANCING AUTHORITY

By: _____
Don Rhoads,
Treasurer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Julia S. Hommel,
Vice President