

EXHIBIT B

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

CITY OF BEVERLY HILLS
Community Development Department
455 North Rexford Drive
Beverly Hills, CA 90210

ATTN: Community Development Director

Recording Fee: Exempt pursuant to
California Govt. Code Section 27383

SPACE ABOVE THIS LINE IS RESERVED FOR RECORDER'S USE

TITLE(S)

HISTORIC PROPERTY PRESERVATION AGREEMENT

BY AND BETWEEN

THE CITY OF BEVERLY HILLS,
a municipal corporation, and

Fay Family Trust dated October 8, 1998

(PRINT NAME OF EACH OWNER AS LISTED ON TITLE)

William and Jody Fay, Trustees

FOR THE PRESERVATION AND BENEFIT OF THE LANDMARK PROPERTY LOCATED AT

707 Walden Drive, Beverly Hills, California, 90210

(PHYSICAL ADDRESS)

4345-017-004

(ASSESSOR PARCEL NUMBER)

HISTORIC PROPERTY PRESERVATION AGREEMENT

THIS AGREEMENT is made this ____ day of November, 2014, by and between the City of Beverly Hills, a municipal corporation ("City") and the Fay Family Trust dated October 8, 1998, William and Jody Fay, Trustees ("Owner").

RECITALS

WHEREAS, California Government Code Sections 50280, *et seq.*, allow cities to enter into a contract with the owner(s) of a "qualified historical property," as that term is defined in Government Code Section 50280.1, for the purpose of providing for the use, maintenance, protection, and restoration of historical property so as to retain its characteristics as property of historic significance.

WHEREAS, the Owner holds fee title in and to that certain real property, together with associated structures and improvements thereon, generally located at the street address 707 Walden Drive, Beverly Hills, California (APN 4345-017-004) ("Historic Property"). A legal description of the Historic Property is attached hereto as Exhibit "A," and incorporated herein by this reference.

WHEREAS, on August 19, 2014, the City Council upon recommendation by the Cultural Heritage Commission designated the Historic Property as a "historic resource" pursuant to the terms and provisions of Title 10, Chapter 3, Article 32 of the Beverly Hills Municipal Code.

WHEREAS, the City and Owner desire to enter into this Agreement for the purpose of protecting and preserving the characteristics of historical significance of the Historic Property that help provide the community with a unique civic identity and character.

WHEREAS, the Owner, in consideration for abiding by the terms of this Agreement and Government Code Sections 50280, *et seq.*, shall be entitled to qualify for a reassessment of valuation of the Historic

Property, pursuant to the provisions of Chapter 3, Part 2, of Division 1 of the California Revenue and Taxation Code, and any corresponding adjustment in property taxes resulting therefrom.

TERMS

NOW, THEREFORE, the City and Owner, in consideration of the mutual covenants and conditions set forth herein, do hereby agree as follows:

1. Effective Date and Term of Agreement. This Agreement shall be effective and commence on November 5, 2014 ("Effective Date") and shall remain in effect for a term of ten (10) years thereafter.
2. Yearly Renewal. Each year upon the anniversary of the Effective Date ("Renewal Date"), an additional one (1) year shall automatically be added to the remaining term of the Agreement unless a notice of nonrenewal is delivered as provided in Section 3 of this Agreement.
3. Nonrenewal. If either the Owner or City desires in any year not to renew this Agreement, Owner or City shall serve a written notice of nonrenewal upon the party in advance of the Renewal Date ("Notice of Nonrenewal"). The Notice of Nonrenewal shall be effective only if served by Owner upon City at least ninety (90) days prior to the Renewal Date, or if served by City upon Owner, the Notice of Nonrenewal shall be effective only if served upon Owner at least sixty (60) days prior to the Renewal Date. If either City or Owner serves a Notice of Nonrenewal in any year, this Agreement shall remain in effect only for the balance of the term then remaining.
4. Owner Protest of City Nonrenewal. Within fifteen (15) days of Owner's receipt of the Notice of Nonrenewal from City, Owner may file with City a written protest of the Notice of Nonrenewal. Upon receipt of the written protest, the City Council shall set a hearing prior to the next Renewal Date of this Agreement. Owner may furnish the City Council with any information that Owner deems relevant and shall furnish the City Council with any information it may require.

The City Council may, at any time prior to the annual Renewal Date, withdraw its Notice of Nonrenewal.

5. Standards for Historic Property. During the term of this Agreement, the Historic Property shall be subject to the following conditions, requirements, and restrictions:
 - A. Owner shall preserve and maintain the characteristics of the historical significance of the Historic Property. Attached hereto as Exhibit "B," and incorporated herein by this reference, is a list of the minimum standards and conditions for maintenance, use, protection, and preservation of the Historic Property, which shall apply to the Historic Property and with which Owner shall comply throughout the term of this Agreement. In addition, Owner shall comply with the terms of the City's Historic Preservation Ordinance (Title 10, Chapter 3, Article 32 of the Beverly Hills Municipal Code), and shall obtain any applicable permits necessary to protect, preserve, restore, and rehabilitate the Historic Property so as to maintain its historical significance.
 - B. Owner shall, where necessary, repair, maintain, restore, and rehabilitate the Historic Property according to the rules and regulations of the Office of Historic Preservation of the State Department of Parks and Recreation and the City of Beverly Hills. The condition of the exterior features of the Historic Property and those interior features of the Historic Property that are subject to the Preservation Plan attached hereto as Exhibit "D", on the effective date of this Agreement is documented in photographs attached as Exhibit "C" and incorporated herein by this reference. At a minimum, Owner shall continually maintain the exterior features of the Historic Property and those interior features of the Historic Property that are subject to the Preservation Plan attached hereto as Exhibit "D" in the same condition as documented in Exhibit "C."

- C. Owner shall carry out specific restoration, repair, maintenance, and/or rehabilitation projects (“Preservation Plan”) on the Historic Property, as outlined in the attached Exhibit “D,” which is incorporated herein by this reference. Prior to each ten (10) year anniversary of the Effective Date, the Owner shall submit an updated Preservation Plan with projects to be undertaken for the next ten (10) year period or during the balance of the Term of the Agreement if less than ten (10) years. All such projects shall be undertaken and completed in accordance with the rules and regulations of the Office of Historic Preservation of the Department of Parks and Recreation, the United States Secretary of the Interior’s Standards for Rehabilitation, and the State Historical Building Code.
6. Minimum Annual Income to be Capitalized. The City and Owner agree that throughout the term of this Agreement, including any yearly renewals as provided for in section 2 above, the annual net income to be capitalized when calculating the value of the property for property tax purposes shall not be less than \$184,486.
7. Inspections. Upon reasonable advance notice, Owner shall allow inspection of the exterior and interior of the Historic Property by representatives of the City and/or County Assessor, the State Department of Parks and Recreation, and State Board of Equalization as may be necessary to determine Owner’s compliance with the terms and provisions of this Agreement. Such inspection shall occur prior to a new agreement and every 5 years thereafter.
8. Provisions of Information of Compliance. Owner hereby agrees to furnish City with any and all information requested by City, which City deems necessary or advisable to determine eligibility of the Historic Property and compliance with the terms and provisions of this Agreement.
9. Breach of Agreement Remedies.
- A. Notice of Breach; Opportunity to Cure. If Owner breaches any provision of this Agreement, City may give written notice to Owner, by registered or certified mail, detailing Owner’s

violations. If such violation is not corrected to the reasonable satisfaction of City within thirty (30) days after the date of notice of violation, or within such a reasonable time as may be required to cure the violation (provided the acts to cure the violation are commenced within thirty (30) days and thereafter diligently pursued to completion), the City may, without further notice, declare Owner to be in breach of this Agreement, unless the City or the Owner elect to engage in non-binding mediation. If either party elects to engage in non-binding mediation, the mediation shall be conducted before a mutually selected retired judge of the Superior Court, Court of Appeal, or Supreme Court of the State of California. If Owner and City cannot agree on a mediator, mediation shall be held at ADR Services, Inc., Century City, California, before a mediator selected by ADR Services. Costs of mediation shall be shared between the parties, unless the parties agree to an alternate payment structure. If the mediation fails to resolve the City's claim that the Owner is in breach of this Agreement, or if the City claims that the Owner has failed to carry out the terms of any agreement reached through mediation, the City may issue a declaration of Owner's breach, after which the City may pursue any remedy available under local, state, or federal law, including those specifically provided for in this section.

- B. Remedies. If City determines, following a duly noticed public hearing in accordance with Government Code Sections 50285 and 50286, that Owner breached any of the conditions of the Agreement, Owner allowed the Historic Property to deteriorate to the point that it no longer meets the standards for a qualified historical property, or Owner failed to maintain and preserve the Historic Property in accordance with the terms of this Agreement, City shall either cancel this Agreement or bring an action in court to enforce the contract. If this Agreement is cancelled under this paragraph, Owner shall pay a cancellation fee to the County of Los Angeles as required by Government Code Section 50286.

10. Eminent Domain Cancellation. If the Historic Property is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the City Council to frustrate the purpose of this Agreement, this Agreement shall be cancelled. No cancellation fee pursuant to Government Code section 50286 shall be imposed if the Agreement is cancelled pursuant to this Section.
11. Waiver. City does not waive any claim of default by Owner if City does not enforce or cancel this Agreement. All other remedies at law or in equity which are not otherwise provided for in this Agreement or in City's regulations governing historic properties are available to the City to pursue in the event that there is a breach of this Agreement. No waiver by City of any breach or default under this Agreement shall be deemed to be a waiver of any other subsequent breach thereof or default hereunder.
12. Binding Effect of Agreement. Owner hereby subjects the Historic Property to the covenants, conditions, and restrictions set forth in this Agreement. City and Owner hereby declare their specific intent that the covenants, conditions, and restrictions set forth herein shall be deemed covenants running with the land and shall inure to and be binding upon Owner's successors and assigns in title or interest to the Historic Property. Each and every contract, deed or other instrument herein after executed, covering or conveying the Historic Property, or any portion thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions set forth in such contract, deed or other instrument.
13. Covenants Run with the Land. City and Owner hereby declare their understanding and intent that the burden of the covenants, reservations and restrictions set forth herein touch and concern the land in that it restricts development of the Historic Property. City and Owner hereby further declare their understanding and intent that the benefit of such covenants, reservations and restrictions touch and concern the land by enhancing and maintaining the historical

characteristics and significance of the Historic Property for the benefit of the public and the Owner.

14. Notice. Any notice required to be given by the terms of this Agreement shall be provided at the address of the respective parties as specified below or at any other address as may be later specified in writing by the parties hereto:

City: City of Beverly Hills
Community Development Department, Planning Division
455 North Rexford Drive
Beverly Hills, CA 90210

Owner: Fay Family Trust dated October 8, 1998
William and Jody Fay, Trustees
707 Walden Drive
Beverly Hills, California 90210

15. Effect of Agreement. None of the terms, provisions or conditions of this Agreement shall be deemed to create a partnership between the parties hereto and any of their heirs, successors or assigns, nor shall such terms, provisions or conditions cause the parties to be considered joint venturers or members of any joint enterprise.

16. Indemnity of City. Owner shall defend, indemnify, and hold harmless City and its elected officials, officers, agents and employees from any actual or alleged claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death, whether imposed by a court of law or by administrative action of any federal, state or local governmental agency, arising out of or incident to (i) the direct or indirect use, operation or maintenance of the Historic Property by Owner or any contractor, subcontractor, employee, agent, lessee, licensee, invitee, or any other person; (ii) Owner's activities in connection with the

Historic Property; and (iii) any restrictions on the use or development of the Historic Property, from application or enforcement of Title 10, Chapter 3, Article 32 of the City's Municipal Code, or from the enforcement of this Agreement. This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorney's fees, and related costs or expenses, and the reimbursement of City, its elected officials, employees, and/or agents for all legal expenses and costs incurred by each of them. Owner's obligation to indemnify shall survive the termination, cancellation, or expiration of this Agreement and shall not be restricted to insurance proceeds, if any, received by City, its elected officials, employees, or agents.

17. Binding Upon Successors and Assigns. All of the agreements, rights, covenants, reservations and restrictions contained in this Agreement shall be binding upon and shall inure to the benefit of the parties herein, their heirs, successors, legal representatives, assigns and all persons acquiring any part or portion of the Historic Property, whether by operation of law or in any manner whatsoever.
18. Legal Costs. In the event legal proceedings are brought by any party or parties to enforce or restrain a violation of any of the covenants, conditions or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover all attorney's fees, in addition to court costs and other relief ordered by the court.
19. Severability. In the event that any of the provisions of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, or by subsequent preemptive legislation, the validity and enforceability of the remaining provisions, or portions thereof, shall not be effected thereby.
20. Recordation. No later than twenty (20) days after the Effective Date, City shall cause this Agreement to be recorded in the office of the County Recorder of the County of Los Angeles.

21. Amendments. This Agreement may be amended, in whole or in part, only by written recorded instrument executed by the parties hereto.

22. Governing Law and Venue. This Agreement shall be construed and governed in accordance with the laws of the State of California. Any action at law or in equity by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in a court of competent jurisdiction in the County of Los Angeles, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

IN WITNESS WHEREOF, City and Owner have executed this Agreement on the day and year first above written.

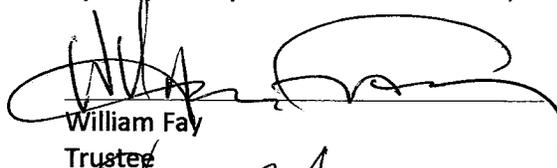
CITY OF BEVERLY HILLS

By _____
Lili Bosse
Mayor of the City of Beverly Hills, California

ATTESTED:

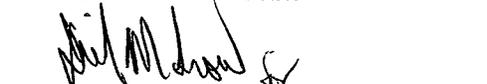
By _____
Byron Pope
City Clerk

By: Fay Family Trust dated October 8, 1998


William Fay
Trustee


Jody Fay
Trustee

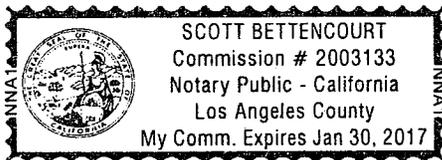
APPROVED AS TO FORM


Laurence S. Wiener
City Attorney

On Oct. 28, 2014, before me, Scott Bettencourt, the undersigned, a notary public in and for said State, personally appeared William Fay and Jody Fay, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Scott Bettencourt
Notary Signature

EXHIBIT A – LEGAL DESCRIPTION

707 Walden Drive, Beverly Hills, California, 90210, also known as assessor's parcel number 4345-017-004, legally described as follows:

Lot 4 in Block 177 of Beverly Hills, in the city of Beverly Hills, County of Los Angeles, State of California, as per map recorded in Book 72 pages 14 to 19 inclusive of Maps, in the Office of the County Recorder of Said County.

EXHIBIT B – MINIMUM STANDARDS AND CONDITIONS

SECRETARY OF THE INTERIOR’S STANDARDS FOR REHABILITATION

The ten standards for rehabilitation are as follows:

1. A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces, and spatial relationships.
2. The historic character of a property will be retained and preserved. The removal of distinctive material or alteration of features, spaces, and spatial relationships that characterize a property will be avoided.
3. Each property will be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other properties, will not be undertaken.
4. Changes to a property that have acquired historic significance in their own right will be retained and preserved.
5. Distinctive materials, features, finishes and construction techniques or examples of craftsmanship that characterize a property will be preserved.
6. Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive historic feature, the new feature will match the old in design, color, texture, and where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.
7. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
8. Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
9. New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
10. New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

EXHIBIT C - PHOTOGRAPHS



PHOTO - : Entry foyer area, front door left, looking south (credit, MLS)

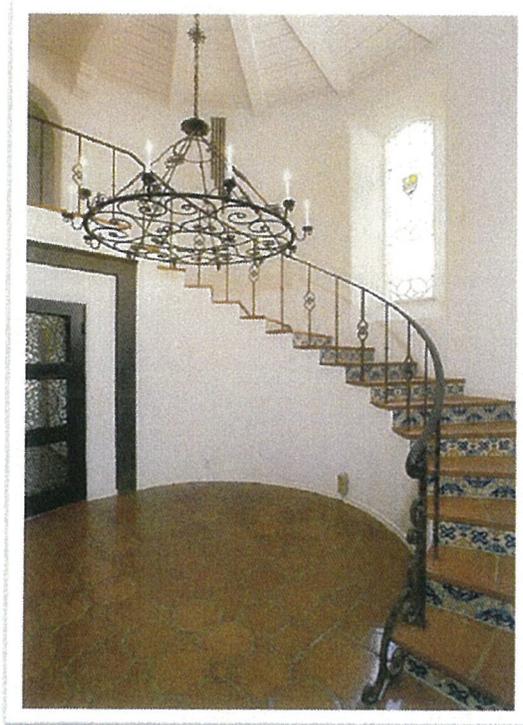


PHOTO - : Interior staircase at foyer with leaded glass window detail (credit, MLS)

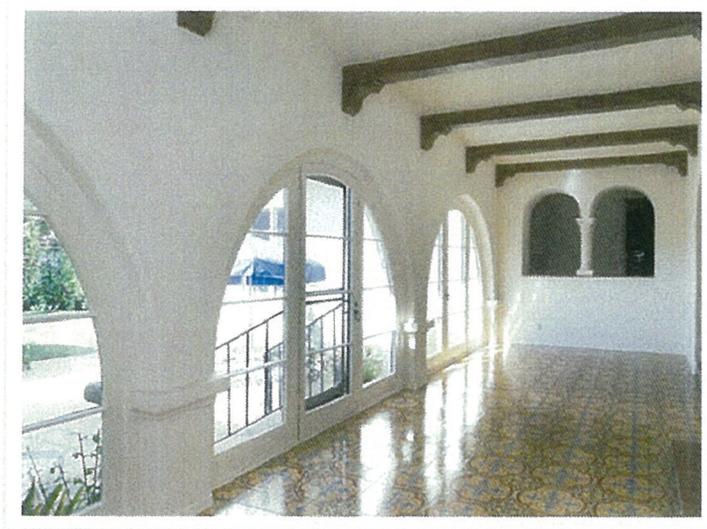


PHOTO - : Solarium detail at rear of house along west elevation, looking north (credit, MLS)

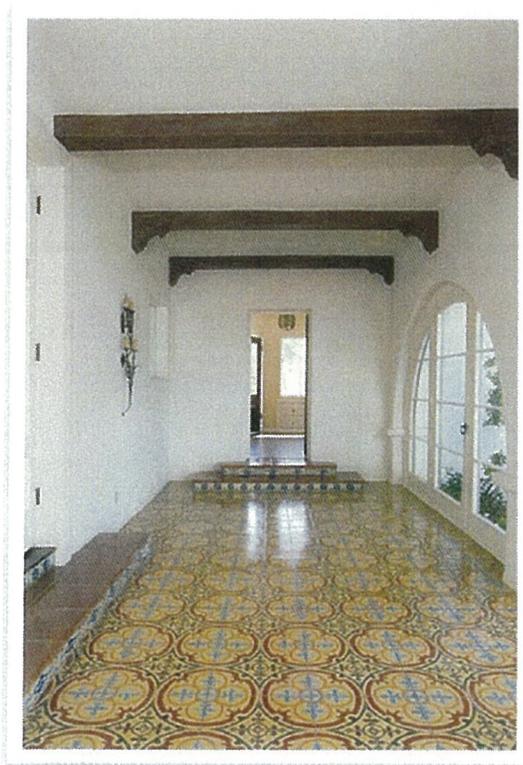


PHOTO - : Solarium detail at rear of house along west elevation, looking south (credit, MLS)

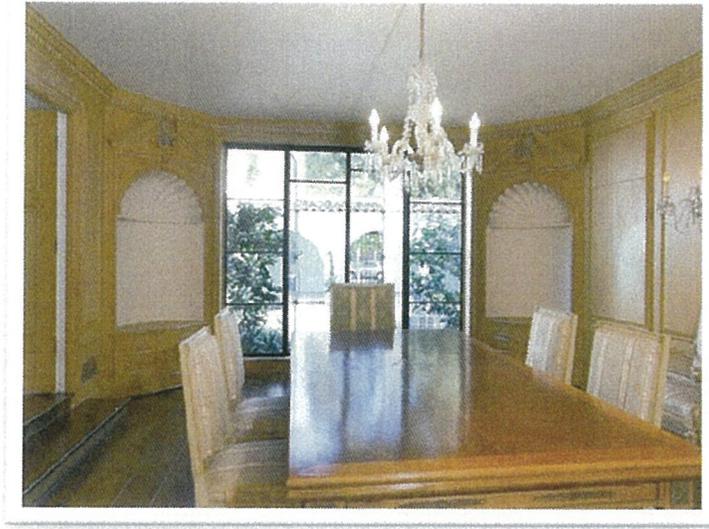


PHOTO - : Formal dining room, looking out onto inner courtyard (credit, MLS)

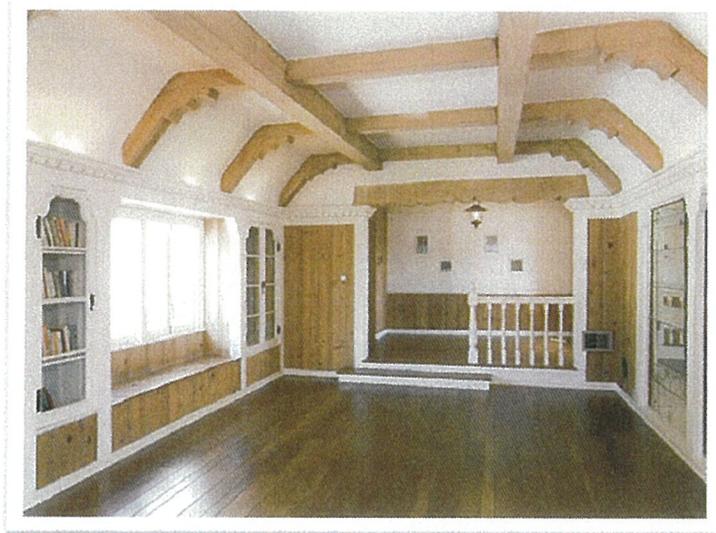


PHOTO - Upstairs private screening room, entertainment room, looking east (credit, MLS)

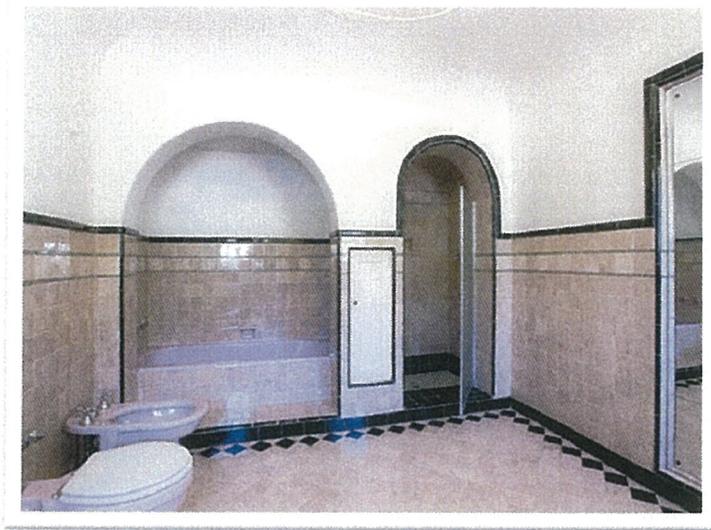


PHOTO 1: Decorative glazed tile work and fixtures in bathroom 1 (credit, MLS)

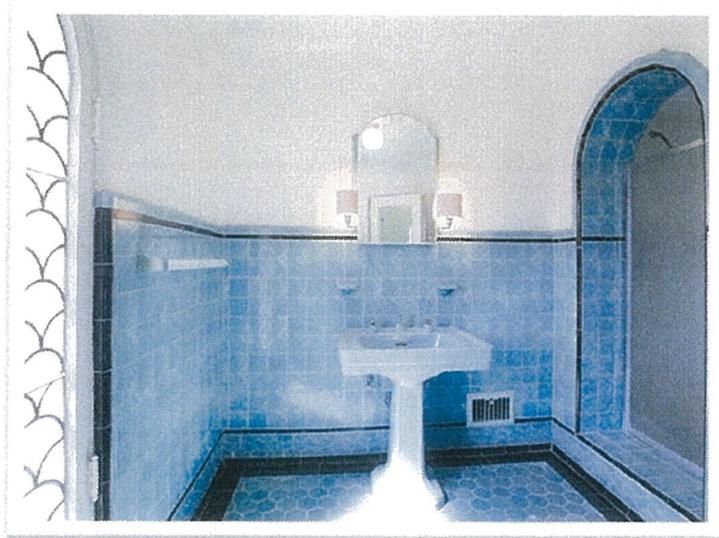


PHOTO 2: Decorative glazed tile work and fixtures in bathroom 2 (credit, MLS)



PHOTO - : Decorative glazed tile work and fixtures in bathroom 3 (credit, MLS)



PHOTO - : Decorative glazed tile work and fixtures in bathroom 4 (credit, MLS)

EXHIBIT D – PRESERVATION PLAN

REHABILITATION/MAINTENANCE PLAN AND TIMELINE

	Contract Year	Building Feature	Proposed Work/Task	Est. Cost
1.	2015	Balconies	Re-furbish four balconies; replace tile, replace rotted wood, re-paint	\$24000
2.	2015	Courtyard staircase	Repair rotted wood, replace tile,	\$7500
3.	2015	Exterior stairs to kitchen	Repair stairs, replace iron stairway rail	\$2800
4.	2015	Frt Courtyard	Repair/replace grillework, shutters	\$8500
5.	2015	Birds-eye maple dressing room	Re-furbish, replace damaged wood	\$4800
6.	2015	Basement	Repair, install access doors, re-paint	\$4600
7.	2015	Chimney	Repair 3 chimneys	\$18000
8.	2015	Corbels	Repair/replace broken/rotted corbels	\$6500
9.	2015	Courtyard doors	Repair/re-furbish/refinish	\$2800
10.	2015	Drainage	Install drainage on side of house	\$4500

	Contract Year	Building Feature	Proposed Work/Task	Est. Cost
11.	2015	Electrical	Wire and install additional alarm screens	\$1500
12.	2015	Fence	Replace fencing on side of property	\$15500
13.	2016	Flooring	Repair and re-finish wood floors	\$10600
14.	2016	Flooring	Repair tile flooring	\$9500
15.	2016	Foundation	Seismic bolting and upgrades	\$14400
16.	2015	Fumigation	Extermination	\$3000
17.	2015	Attic	Shore up and support	\$7600
18.	2020	Garage Door	Repair 4 garage doors	\$5000
19.	2019	Garage	Re-paint and re-plaster	\$7500
20.	2015	Gutters	Add gutters and drains to side	\$3800

	Contract Year	Building Feature	Proposed Work/Task	Est. Cost
21.	2015	HVAC	Add dampers, service	\$3500
22.	2018	HVAC	General Maintenance	\$600
23.	2021	HVAC	General maintenance	\$700
24.	2015	Insulation	Attic: New insulation for all uninsulated areas	\$3800
25.	2015	Insulation	Under-floor: new insulation for all uninsulated areas	\$3000
26.	2015	Insulation	Wall: blow in insulation in uninsulated areas; repair walls	\$6400
27.	2015	Interior trim	Re-finish ceiling and trim in Front Parlor	\$9800
28.	2015	Masonry	Install tile hearth floor	\$2600
29.	2015	Masonry	Repair all brickwork	\$4000
30.	2015	Painting	Re-paint partial Exterior	\$12000

	Contract Year	Building Feature	Proposed Work/Task	Est. Cost
31.	2021	Painting	Re-paint exterior	\$40000
32.	2015	Painting	Re-paint interior	\$18000
33.	2022	Painting	Re-paint interior	\$27000
34.	2015	Plastering	Exterior repair	\$7000
35.	2015	Plastering	Interior repair	\$18000
36.	2022	Plastering	Exterior repair	\$10000
37.	2022	Plastering	Interior repair	\$9000
38.	2015	Plumbing	Install new sinks	\$7500
39.	2015	Plumbing	Re-furbish drain lines	\$18000
40.	2019	Railing	Replace back railings	\$11500

	Contract Year	Building Feature	Proposed Work/Task	Est. Cost
41.	2015	Roof	Repair eaves/overhangs	\$12000
42.	2018	Roof	Repair (minor)	\$8500
43.	2023	Roof	Repair (major)	\$33000
44.	2015	Security	Install security lights, cameras	\$6800
45.	2017	Stair (interior)	Re-furbish front staircase	\$9500
46.	2021	Stair (interior)	Re-furbish back staircase	\$6600
47.	2017	Stonework	Replace broken/worn courtyard flagstone	\$23000
48.	2017	Stonework	Replace broken/worn front flagstone	\$8500
49.	2015	Termite	Treatment and repair	\$4800
50.	2021	Termite	Treatment and repair	\$5800

	Contract Year	Building Feature	Proposed Work/Task	Est. Cost
51.	2015	Waterproofing	Waterproof exterior perimeter	\$4800
52.	2015	Window	Repair/refurbish windows	\$13500
53.	2022	Window	Repair/re-furbish windows	\$10500
54.	2015	Front Fountain	Repair/refurbish, install new pump system	\$6600
55.				\$
56.				\$
57.				\$
58.				\$
59.				\$
60.				\$
TOTAL COST:				\$527,700