

Attachments to Kirk Douglas Theatre

Kirk Douglas Theatre:

38. 9820 Washington Boulevard.

LEASE AGREEMENT

By and Between

CULVER CITY REDEVELOPMENT AGENCY

AGENCY,

and

CENTER THEATRE GROUP

LESSEE.

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EXHIBITS

EXHIBIT A
EXHIBIT B
EXHIBIT C

MAP OF SITE
LEGAL DESCRIPTION OF SITE
SCOPE OF DEVELOPMENT

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August 22, 2003 -V-

LEASE

This Lease Agreement (this "Lease") is made by and between the CULVER CITY REDEVELOPMENT AGENCY ("Agency") and CENTER THEATRE GROUP ("Lessee").

I. [§ 100] SUBJECT OF LEASE

A. [§ 101] Purpose of the Lease

The purpose of this Lease is to effectuate the Redevelopment Plan for the Culver City Redevelopment Project (Component No. 3) by providing for the lease and development of that portion of the Project Area described below as the Site ("Site") in the Project Area for the purpose of operating the Culver Theater ("Theater"). The lease of the Site and the development and operation of the theater pursuant to this Lease, and the fulfillment generally of this Lease, are in the vital and best interests of the City of Culver City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

B. [§ 102] The Redevelopment Plan

This Lease is made in accordance with and subject to the Redevelopment Plan which was approved and adopted by the City Council of the City of Culver City by Ordinance No. CS-862 on November 24, 1975 and amended by the City Council of the City of Culver City by Ordinance No. CS-98-014 and CS-90-015 on November 23, 1998.

Any amendments hereafter to the Redevelopment Plan (as so approved and amended) which change the uses or development permitted on the Site as provided in this Lease, or otherwise change the restrictions or controls that apply to the Site, or affect or impair any of the rights or obligations of Lessee, shall not apply to Lessee or the Site without the prior written consent of Lessee. No other amendments to the Redevelopment Plan shall require the consent of Lessee or the Mortgagee.

The Lessee has entered into a Disposition and Development Agreement with Agency dated October 9, 2001 (the "DDA"), which was later amended by the First Implementation Agreement, entered into by and between Lessee and Agency as of January 6, 2003 and the Second Implementation Agreement, entered into by and between Lessee and Agency as of August 26, 2003 (the DDA, the First Implementation Agreement and the Second Implementation Agreement are sometimes collectively referred to herein as the "Agreement"). The Agreement, among other things, provides for the lease and redevelopment of the Site by Lessee in conformity with the City's General Plan and applicable Specific Plans and the Scope of Development attached to the Agreement as "Exhibit C," but subject to an existing third-party lease over a portion of the Site. The development of the Site in accordance with the Agreement conforms to the Redevelopment Plan. Nothing in this Lease shall modify or limit the rights of either Agency or Lessee under

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the provisions of the Agreement, provided that once a Certificate of Completion issues, except as specifically provided, neither the Agency nor any other person shall have any rights, remedies or controls that it would otherwise have or be entitled to exercise under the Agreement as a result of a default in or breach of any provision of the Agreement, and the respective rights and obligations of the parties shall be limited to those set forth in this Lease.

C. [§ 103] The Redevelopment Project Area

The Project area is located in the City of Culver City, California (the "City"). The exact boundaries of such Project Area are specifically and legally described in the Redevelopment Plan.

D. [§ 104] The Site

The Site is that certain real property illustrated and designated as such on the "Map of the Site" (which is attached hereto and incorporated herein as Exhibit A) and having the legal description set forth in the "Description of the Site" (which is attached hereto and incorporated herein as Exhibit B), together with all improvements thereon. The Site shall be known as the Kirk Douglas Theatre, 9820 Washington Boulevard.

The Site consists of two contiguous parcels ("Parcel" A and "Parcel B") more particularly described in Exhibit B. The parties are aware that a certain lease of real property (the "Paskan Lease"), entered into by and between the Agency and a certain Julius Paskan, M.D., (the "Agency Tenant") currently exists over a portion of Parcel B, as indicated in Exhibit A, and the parties herein agree that nothing in this Lease shall modify or limit the rights of either the Agency or the Agency Tenant under the provisions of the Paskan Lease.

Unless otherwise expressly provided herein, all references to the "Site" or any Improvements shall not include that certain portion of Parcel B and any Improvements thereon, that are subject to the Paskan Lease, until the termination or expiration thereof. In the event that said Paskan Lease is terminated or otherwise expires, and Lessee is able to gain full possession, occupation and control of Parcel B in its entirety pursuant to this Lease and the Agreement, then all references in this Lease to the Site, and/or any Improvements, shall be understood to include Parcel B in its entirety .

E. [§ 105] The Improvements

The term "Improvements" as used in this Lease means any and all improvements to the Site, whether previously existing or constructed on the Site by Lessee pursuant to this Lease and the Agreement, and including any and all amendments, modifications, additions, substitutions and replacements thereof, but shall not include, except as otherwise provided, the improvements on the portion of Parcel B that are subject to the Paskan Lease, until the termination or expiration thereof.

F. [§ 106] Condition of the Site(a) "As-Is" Condition of Site; Lessee Responsibilities; Lessee Right of Termination

The Site and Improvements are being leased to Lessee in an "as is" condition, with no warranty, express or implied, by the Agency as to the condition of the soil, its geology, the presence of known or unknown faults, the presence of Hazardous Materials, or the suitability of the Site for the development purposes intended hereunder. Agency shall not be responsible for any patent or latent defect or change of condition in the Site. It shall be the sole responsibility of the Lessee, at the Lessee's sole cost and expense, to investigate and determine the soil and other physical conditions of the Site and the suitability of the Site for the development to be constructed by Lessee, provided that Agency shall exert its best efforts to secure for Lessee, from Agency Tenant, the right of entry to the portion of Parcel B subject to the Paskan Lease, at all reasonable times, and for the purpose of conducting any investigation pursuant to this Section 106. If the soil conditions of the Site, or any part thereof, are not in all respects entirely suitable for the use or uses to which the Site will be put, then, subject to the rights of Lessee to terminate this Agreement and Agency's right to assume obligations of this Section 106 pursuant to Section 1212 hereinbelow, it is the sole responsibility and obligation of the Lessee to take such action as may be necessary to place the Site and the soil conditions thereof in all respects in a condition entirely suitable for the development of the Site as described in the Scope of Development (Exhibit C) and this Lease, which may include demolishing, clearing or moving buildings, structures or other improvements, and removal and monitoring of Hazardous Materials.

(b) Lessee's Covenant to Comply with Environmental Laws

Upon conveyance of the Site to the Lessee, Lessee shall never cause or, with Lessee's actual knowledge, permit any Hazardous Materials to be placed, held, located, used, released, generated, stored or disposed of on, under or at the Site or any part thereof or disposed of or discharged from the Site into the atmosphere, soil or any watercourse, body of water or wetlands, at any time during the Term of this Lease, except to the extent placed or used on the Site in the manner permitted by applicable law, provided however that this shall not apply to the portion of Parcel B and the Improvements thereon that are subject to Paskan Lease until such time that Developer attains actual possession, occupation and control thereof.

(c) Violation of Lessee's Covenant

If Lessee causes or, with Lessee's actual knowledge, permits any Hazardous Materials to be placed, held, located, used or disposed of on, under or at the Site in violation of Lessee's covenants set forth in Section 106(b) above, Lessee shall contain, abate or control such Hazardous Materials and, if necessary, remove and dispose of same

in accordance with all applicable laws and legal requirements. If Lessee fails to take such action within (i) sixty (60) days after Lessee's receipt of notice from Agency or any governmental agency having jurisdiction thereover requiring Lessee to undertake such action (or such longer period as reasonably may be required, provided Lessee is diligently attempting to complete such action), or (ii) such shorter period of time as may be required by any applicable law or legal requirement, then Agency may (but shall not be obligated to) cause such action to be taken by a third party contractor or contractors after giving Lessee at least ten (10) days notice of its intention to do so, and the amount of any cost, expense or expenditure therefor shall be paid immediately to Agency by Lessee.

(d) Lessee Indemnification

Lessee hereby indemnifies and agrees to defend and hold the Agency and the City and their respective officers, employees and consultants harmless from and against any and all present and future demands, suits, legal and administrative proceedings and from and against all liability for damages, losses, costs, fines, fees, penalties, expenses, charges and/or claims of any kind whatsoever which at any time or from time to time may be paid, incurred or suffered by, or asserted against, Agency and/or City and their respective officers, employees and consultants, arising out of or in any way connected with the Lessee's use, maintenance, ownership or operation of the Site, and/or for, with respect to or as a direct or indirect result of, the violation by Lessee of its covenant contained in Section 106(b) above.

(e) Agency Indemnification

Agency hereby indemnifies and agrees to defend and hold Lessee and its officers, employees and consultants harmless from and against any and all present and future demands, suits, legal and administrative proceedings and from and against all liability for damages, losses, costs, fines, fees, penalties, expenses, charges and/or claims of any kind whatsoever which at any time or from time to time may be paid, incurred or suffered by, or asserted against, Lessee and its officers, employees and consultants, arising out of or in any way connected with (i) the existence of Hazardous Materials contamination on, under, in or about the Site prior to the commencement of the Term of the lease of the Site to Lessee; and/or (ii) the release, use, generation, discharge, storage, disposal, or transportation of Hazardous Materials on, under, in or about, to or from the Site by City and/or Agency.

(f) Survival

The undertakings and indemnifications set out in this Section 106 shall survive the termination of this Lease.

(g) Reports Regarding Site

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Lessee acknowledges that Agency has heretofore provided Lessee, without charge, copies of the following reports, studies, surveys, and other data and information on the physical condition of the Site:

Re-Use Analysis
Title Report

G. [§ 106.1] Hazardous Materials

(a) "Hazardous Materials" shall mean for purposes of this Lease any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "acutely hazardous waste," "restricted hazardous waste," "extremely hazardous waste," "hazardous substance," or "hazardous material" under any statute or regulation of the State of California, (ii) petroleum, (iii) asbestos, (iv) polychlorinated biphenyls, (v) defined as "hazardous waste" or "hazardous substance" under any statute or regulation of the United States Government, (vi) methyl-tert butyl ether, or (vii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any governmental requirement of any kind either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined in any way as "hazardous" or harmful to the environment.

(b) Lessee shall not bring or allow to be brought onto the Site or use or store on the Site any Hazardous Materials without the prior express written consent of Agency, except for those Hazardous Materials (including without limitation fuel stored in motor vehicles) customarily used in the ordinary course of business in the use and operation of the Site and the Improvements.

(c) The following covenants pertain to Lessee's occupancy and use of the Site and Improvements except for those Hazardous Materials customarily used in the ordinary course of business:

1. No underground storage tanks for Hazardous Materials shall be installed without the prior written approval of Agency's Executive Director.

2. Agency, or its officers, employees, contractors or agents shall at all times have the right to go upon and inspect the Site and Improvements and the operations conducted thereon to assure compliance with the requirements herein stated. Agency shall provide reasonable prior notice to Lessee of such entry, and shall seek to minimize interference with Lessee's use of the Site and Improvements as much as is reasonably feasible. Such entry shall be in compliance with all applicable safety rules and regulations. This inspection may include taking samples for testing of substances and materials present and/or testing soils on the Site and Improvements. Agency shall indemnify, defend, and hold harmless Lessee from and against any claims, liabilities, losses, and damage caused

by Agency during any such inspections, and shall be responsible for the prompt repair and/or restoration of any such damage caused by Agency during any such inspection.

3. Lessee shall be responsible for posting on the Site and Improvements any signs required by Section 25249.6 of the California Health and Safety Code and regulations promulgated pursuant thereto. Lessee shall also complete and file any business response plans or inventories required by Chapter 6.95 of the California Health and Safety Code and regulations promulgated pursuant thereto. Lessee shall concurrently file a copy of any such business response plan or inventory with Agency.

4. Lessee shall immediately notify Agency in writing of the release of any Hazardous Material on the Site and Improvements in violation of applicable law.

H. [§ 107] Parties to the Lease

1. [§ 108] Agency

Agency is the Culver City Redevelopment Agency, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California.

The principal office of Agency is located at 9770 Culver Boulevard, Culver City, California 90232.

"Agency" as used in this Lease, includes the Culver City Redevelopment Agency, and any assignee of or successor to its rights, powers and responsibilities.

2. [§ 109] Lessee

Lessee is Center Theatre Group, a California non-profit corporation.

The principal office of Lessee is located at 601 West Temple Street, Los Angeles, California 90012.

Wherever the term "Lessee" is used herein, such term shall also include any permitted nominee or assignee of Center Theatre Group, as herein provided.

II. [§ 200] LEASE OF THE SITE

A. [§ 201] Lease

For and in consideration of the rents, conditions, covenants and agreements set forth herein, Agency hereby leases and demises the Site, subject to the Paskan Lease over a certain portion of Parcel B, to Lessee and Lessee does hereby take and lease the Site from Agency. Lessee shall not disturb the quiet enjoyment by Agency Tenant of the portion of Parcel B subject to the Paskan Lease or otherwise hinder the exercise of any and all rights granted to Agency Tenant pursuant thereto. Lessee

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acknowledges that the Lease shall be triple net. Lessee further acknowledges that all costs of operation, maintenance and repair shall be paid by Lessee.

B. [§ 202] Term of the Lease

(a) The term of this Lease (the "Term") shall begin on the first day after the Effective Date (the "Commencement Date") and continue, as to Parcel A only, for a period of sixty (60) years, and as to Parcel B only, for a period of ten (10) years, unless extended or sooner terminated as provided herein.

(b) At any time prior to expiration of the Term, Lessee shall have the right to extend the Term, as to Parcel A only, for an additional term of not less than five (5) years (the "First Extension") as if such five (5) year period had originally been included in the definition of "Term." Agency shall send a written notice of such right to extend the Term to Lessee no less than 60 days, nor greater than 90 days, prior to the expiration of the Term. The Term shall be deemed extended unless Lessee gives Agency a written notice to terminate at any time prior to the original expiration of the Term. This Lease as extended shall be on all the terms, covenants, and conditions contained in this Lease and applicable to the original Term, except that the expiration date shall be deemed to refer to the end of the First Extension.

(c) At any time prior to expiration of the First Extension, Lessee shall have the right to extend the Term, as to Parcel A only, for an additional term of not less than five (5) years (the "Second Extension") as if such five (5) year period had originally been included in the definition of "Term." Agency shall send a written notice of such right to extend the Term to Lessee no less than 60 days, nor greater than 90 days, prior to the expiration of the Term under the First Extension. The Term shall be deemed extended unless Lessee gives Agency a written notice to terminate at any time prior to the expiration of the Term under the First Extension. This Lease as extended shall be on all the terms, covenants, and conditions contained in this Lease and applicable to the original Term, except that the expiration date shall be deemed to refer to the end of the Second Extension.

(d) Agency shall extend the Term, as to Parcel B only, for additional increments of one (1) year, up to the Term as to Parcel A, and subject to the provisions of this Section 202, unless (i) within the initial ten (10) year period of the Term as to Parcel B, or any extension thereof, Lessee submits a plan and proposed lease modifications for the permanent redevelopment of Parcel B to Agency that is subsequently approved by Agency within such initial ten (10) year period of the Term as to Parcel B, or any extension thereof, in which case the Term as to Parcel B shall be extended to be coterminous with that for Parcel A, including the aforementioned options to extend for Parcel A, and the Agency and Lessee shall enter into appropriate development agreement and lease amendment documents consistent with the provisions of this Section 202; or (ii) at any time following the initial ten (10) year period of the Term as to Parcel B, Lessee has not submitted a plan for the permanent redevelopment of Parcel B that has been approved by the Agency, and Agency has approved a plan and lease agreement with a third party for the permanent

redevelopment of Parcel B, in which case (I) Agency shall offer to provide Lessee a substitute premises lease in the project to be developed on Parcel B providing Lessee with comparable space and uses to those previously utilized by Lessee within the Parcel B improvements, and (II) Agency shall burden Parcel B with appropriate easements to preserve the loading uses and other uses made of Parcel B by Lessee to serve its use of Parcel A under this Lease, provided that any such loading or other uses shall be subject to reconfiguration that will not unduly interfere with Lessee's use thereof and shall be accomplished at no cost to Lessee; and (III) this Lease shall thereupon terminate as to Parcel B.

(e) At the expiration or earlier termination of this Lease as to either Parcel A or Parcel B, or both, Lessee shall execute, acknowledge and deliver to Agency, within thirty (30) days after written demand by Agency, a valid and recordable quitclaim deed covering the appropriate portions of the Site and the Improvements, free and clear of all liens and encumbrances.

III. [§ 300] RENT

A. [§ 301] Rent Payable

Lessee shall pay to Agency as rent during the Term of this Lease the sum of \$1 per year, per parcel receipt of which is hereby acknowledged.

B. [§ 302] Non-Subordination of Rent or Other Sums

Lessee hereby covenants and agrees that there shall be no subordination or encumbrance of any kind under this Lease or otherwise of (i) Agency's fee title ownership of the Site; (ii) Agency's interest in this Lease; and (iii) Agency's right to receive rent under this Lease.

IV. [§ 400] DEVELOPMENT OF THE SITE

A. [§ 401] Scope of Development, Plans, Drawings and Specifications

Lessee shall construct the Improvements upon the Site in accordance with the Scope of Development appended hereto as Exhibit C and incorporated herein by this reference, and the plans, drawings and specifications approved by City, and within the time and in accordance with the other terms, covenants and conditions of the Agreement.

B. [§ 402] No Construction Before Notice

From and after issuance of the Certificate of Completion by Agency pursuant to the Agreement, no work of any kind shall be commenced on the Site and no building or other materials shall be delivered to the Site for construction of any Improvements, nor shall any other building or land development work be commenced on or building materials be

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delivered to the Site at any time during the term of the Lease, which work and/or materials exceed in the aggregate Fifty Thousand Dollars (\$50,000), until at least ten (10) days following notice by Lessee to Agency of the intended commencement of such work or the delivery of such materials.

C. [§ 403] Notice of Non-Responsibility

Agency shall, at any and all times during the Term of this Lease, have the right to post and maintain on the Site and to record as required by law any notice or notices of non-responsibility provided for by the mechanics' lien laws of the State of California. The work for which said ten (10) days written notice is required shall include, in addition to actual construction work, any site preparation work, installation of utilities, street construction or improvement, or any grading or filling of the Site.

D. [§ 404] Mechanic's, Materialman's, Contractor's or Subcontractor's Liens

Subject to Lessee's right to contest as hereinafter provided, at all times during the Term of the Lease, Lessee shall keep the Site, including all buildings and improvements now or hereafter located on the Site, free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Site. Lessee shall promptly (i) pay and discharge, or cause the Site to be released from, any such lien or claim of lien, or (ii) contest such lien and furnish Agency such bond as may be required by law to free the Site from the effect of such lien and to secure Agency against payment of such lien and against any and all loss or damage whatsoever in any way arising from Lessee's failure to pay or discharge such lien.

Should Lessee fail to pay and discharge, or cause the Site to be released from, any such lien or claim of lien or to provide a bond as permitted hereunder within thirty (30) days after service on Lessee by Agency of a written request to do so, Agency may pay, adjust, compromise and discharge any such lien or claim of lien on such terms and in such manner as Agency may reasonably deem appropriate. In such event, Lessee shall, on or before the first day of the next calendar month following any such payment by Agency, reimburse Agency for the full amount so paid by Agency, including any actual and reasonable attorneys' fees or other costs expended by Agency, together with interest thereon at the annual rate of interest equal to three percent (3%) over the prime rate of the largest bank operating in the State of California as of the close of business on the date of payment by Agency, or the highest lawful rate, whichever is less, from the date of payment by Agency to the date of Lessee's reimbursement of Agency.

On substantial completion of any work of improvement during the Term of the Lease, Lessee shall record or cause to be recorded in the Official Records of Los Angeles County a notice of completion. Lessee hereby appoints Agency as Lessee's attorney-in-fact to record the notice of completion, which appointment shall only become effective on ten (10) days' notice upon Lessee's failure to record such a notice of completion after the work of

improvement has been substantially completed; provided, that Agency shall not be obligated to record such a notice of completion and the failure of Agency to record said notice shall not excuse the failure of Lessee to discharge its obligation to record said notice of completion.

E. [§ 405] Rights of Access

Representatives of Agency and City shall have the reasonable right of access to the Site without charges or fees, at normal construction hours during the period of construction for the purposes of this Lease, including, but not limited to, the inspection of the work being performed in constructing the Improvements. Such representatives of Agency or City shall be those who are so identified in writing by the Executive Director of Agency. Agency shall provide reasonable prior notice to Lessee of such entry, and shall seek to minimize interference with Lessee's use of the Site and Improvements as much as is reasonably feasible. Such entry shall be in compliance with all applicable safety rules and regulations. Agency shall indemnify, defend, and hold harmless Lessee from and against any claim, liability, losses and damages caused by Agency during any such inspections, and shall be responsible for the prompt repair and/or restoration of any such damage caused by Agency during any such inspection.

F. [§ 406] Local, State and Federal Laws

Lessee shall carry out the construction of the improvements on the Site in conformity with all applicable laws, including all applicable federal and state labor standards and requirements.

G. [§ 407] Nondiscrimination During Construction

Lessee for itself and its successors and assigns agrees that in the construction of the improvements on the Site provided for in this Lease, Lessee will not discriminate against any employee or applicant for employment because of sex, marital status, race, color, creed, religion, national origin, or ancestry.

V. [§ 500] USE OF THE SITE AND IMPROVEMENTS

A. [§ 501] Use of the Site and Improvements

Lessee covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site and Improvements or any portion thereof, that during construction and thereafter through the remainder of the Term of this Lease, Lessee, such successors and such assignees shall:

1. Develop, and maintain the Site solely in accordance with the Scope of Development, attached hereto as Exhibit C, and all plans approved by Agency pursuant thereto or in accordance with this Lease, and to use the Site and cause the Site to be used

and operated for Theatrical Presentations, and ancillary purposes, through its own efforts or in cooperation with other entities or by agreement with performing artists. For the purposes of this Lease, "Theatrical Presentations" shall mean live theater, other performing art such as music, dance and occasional showings of films; readings, lectures and workshop presentations open to the public; and related classes open to the public for enrollment. Ancillary purposes include, but are not limited to, set, property and costume design and construction, performance workshops and all other activities normally associated with the preparation and presentation of live performing arts, educational space, related office space, restaurant and gift shop. The emphasis of the Theater shall be to provide a permanent home for existing Lessee programs, increase theater programs available to young artists/audiences, and encourage development for new work/new artists.

2. Any adult uses prohibited by the Culver City Municipal Ordinance Chapter 11.13 or other City Ordinance shall be prohibited. All activities must be conducted in accordance with the requirements for same contained in the Municipal Code, the Redevelopment Plan and this Lease.

3. Refrain from using or occupying the Site or any part thereof or allowing the Site or any part thereof to be used or occupied, for any ultrahazardous, unlawful, or illegal business, use or purpose, nor in a manner as to constitute a nuisance of any kind, nor in any manner inconsistent with or in violation of the Lease, nor for the purpose of working or campaigning for the nomination or election to any public office be it partisan or nonpartisan; provided, however, that Lessee shall not be precluded from providing a forum for open public debate by candidates such as occurs at a "candidate forum" and similar events, nor for any adult uses prohibited by Culver City Municipal Ordinance Chapters 11 and 13 or other ordinances of the City. In addition, Lessee shall not in the Theater or any other part of the Site:

(a) Cause or cause to be produced therein, or to emanate therefrom, any unusual, noxious, or objectionable smokes, gases, vapors or odors; or

(b) Fail to promptly observe, comply with, and execute the provisions of any and all present and future rules and regulations, requirements, orders or directions of Occupational Safety, Health Administration or of the Board of Fire Underwriters of the Pacific, or any other successor board or organization exercising the same functions, which may pertain or apply to such buildings or the operations conducted therein.

Immediately upon the discovery of any such unlawful, illegal or ultrahazardous use, or of any use in violation of this Lease, Lessee shall take or cause to be taken all necessary steps, legal and equitable, to discontinue such use, and to remove any occupants or other persons causing such use, in an expeditious manner. In addition, Lessee shall refrain from permitting any portion of the Site to be used by any person or

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entity at any time during the Term in such manner as might make possible a claim or claims of adverse use, adverse possession, prescription or other similar claims of, in, or with respect to the Site or any part thereof.

4. (a) Maintain, repair and operate the Site and all improvements constructed or to be constructed thereon (including landscaping, lighting and signage), or cause the Site and all such improvements to be maintained, in a good condition, free of debris, waste and graffiti, and in compliance with the terms of the Redevelopment Plan, the City of Culver City Municipal Code, and the following:

(1) All improvements on the Site shall be maintained in good condition in accordance with the custom and practice generally applicable to comparable theaters in the County of Los Angeles, and in conformance and compliance with all plans, drawings and related documents approved by Agency pursuant to this Lease, all conditions of approval of land use entitlements adopted by the City or the Planning Commission, including painting and cleaning of all exterior surfaces of all private improvements and public improvements to the curblane.

(2) Landscape maintenance shall include, without limitation, watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning, trimming and shaping of trees and shrubs to maintain a natural and healthy appearance, road visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

(3) Clean-up maintenance shall include, without limitation, maintenance of all sidewalks, paths and other paved areas in a clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping; clearance and cleaning of all areas maintained prior to the end of each day on which maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

(4) Lessee's maintenance and operation obligations for the Theater shall include providing or paying for (a) necessary utilities such as heat, light, water, gas, air conditioning and sewer service; (b) security, custodial and janitorial services; (c) ushers and ticket takers; and (d) landscaping materials, supplies and maintenance services. To the extent imposed by law on owners of abutting property, Lessee shall also maintain, or cause others to maintain, the abutting sidewalks and curbs in good and clean order and condition, subject to reasonable wear and tear.

(5) Lessee shall assume responsibility, subject to the provisions of this Lease, for the operation and maintenance of all the improvements constructed on the Site and the costs thereof, and Agency and the City shall have no liability for costs of such

operation and maintenance by Lessee or for any claims arising from the operation and maintenance of such improvements.

(b) If Agency gives written notice to Lessee that the maintenance or condition of the Site or any portion thereof or any Improvements thereon does not comply with this Lease and such notice describes the deficiencies, Lessee shall correct, remedy or cure the deficiency within thirty (30) days following the submission of such notice, unless the notice states that the deficiency is an urgent matter relating to public health and safety in which case Lessee shall cure the deficiency with all due diligence and shall complete the cure at the earliest possible time but in no even more than forty-eight (48) hours following the submission of the notice. In the event Lessee fails to maintain the Site or any portion thereof or any Improvements thereon in accordance with this Lease and fails to cure any deficiencies within the applicable period described above, Agency shall have, in addition to any other rights and remedies hereunder, the right to maintain the Site and the Improvements thereon, or portion thereof, or to contract for the correction of any deficiencies, and Lessee shall be responsible for payment of all such costs actually and reasonably incurred by Agency.

5. (a) Pay when due all real estate taxes and assessments assessed and levied on the Site or any portion thereof or any improvements thereon or any interest therein.

(b) The following requirements shall apply to any appeal, objection or contest to any tax or assessment permitted to be made by Lessee under this Lease: the contest, opposition, or objection must be filed before the tax, assessment, or other charge at which it is directed becomes delinquent and written notice of the contest, opposition, or objection must be given to Agency before the date the tax or assessment, or other charge becomes delinquent. No such contest, opposition, or objection shall be continued or maintained after the date the tax, assessment, or other charge at which it is directed becomes delinquent unless Lessee has met one of the following conditions:

(i) Paid such tax, assessment, or other charge under protest prior to its becoming delinquent; or

(ii) Obtained and maintained a stay of all proceedings for enforcement and collection of the tax, assessment, or other charge by posting such bond or other matter required by law for such a stay; or

(iii) Delivered to Agency a good and sufficient undertaking in a form reasonably acceptable to Agency's Executive Director, in an amount equal to one hundred twenty-five percent (125%) of the amount in controversy (inclusive of fines, interests, penalties, costs, and other expenses that may have accrued or been imposed thereon) and issued by a surety company

authorized to issue undertakings in California, conditioned on the payment by Lessee of the tax, assessment, or charge together with any fines, interest, penalties, costs, and expenses that may have accrued or been imposed thereon within thirty (30) days after final determination of Lessee's contest, opposition, or objection to such tax, assessment, or other charge.

Agency shall not be required to join in any proceedings or contest brought by Lessee unless the provisions of any law requires that the proceeding or contest be brought by or in the name of Agency or any owner of the Site. In that case, Agency shall join in the proceeding or contest or permit it to be brought in Agency's name but such action shall be without cost or other liability to Agency and Lessee agrees to pay to Agency all costs incurred by Agency in connection therewith.

6. Not discriminate upon the basis of race, color, creed, religion, sex, age, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any improvements erected or to be erected thereon, or any part thereof.

B. [§ 502] Intentionally Omitted

C. [§ 503] Intentionally Omitted

D. [§ 504] Management of the Site and Improvements

At all times during the Term, the Site and Improvements shall be managed or caused to be managed by Lessee in a prudent and business-like manner as necessary to maintain the Site and Improvements in a first-class condition.

On or before August 1 of each year following the Effective Date of this Lease, representatives of Lessee shall file an annual report in writing of its previous year's activities and current plans for use of the Site to Agency (or its designee) (the "Annual Report"). The Annual Report shall incorporate the information specified in Sections 504.3 and 504.4 below, and is intended to provide an opportunity for both Agency and Lessee to communicate directly their concerns and expectations with respect to the operation and use of the Theater. Upon the request of either Agency or Lessee within sixty (60) days of the submittal of the Annual Report, the Agency and Lessee shall meet in person to review the previous year's activities and upcoming plans. Also, on or before August 1 of each year of this Lease, Lessee shall submit to Agency an audited financial report by an independent certified public accountant for the previous fiscal year of the Lessee. Said financial report shall include an operating statement for the Lessee's operations as a whole shall be in a form satisfactory to Agency. The final report shall be submitted within ninety (90) days of the expiration date of this Lease, and shall cover the period between the last report and the said expiration date.

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E. [§ 504.1] Minimum Performance Requirements

(a) There shall be no minimum performance requirements for Theatrical Presentations (as defined in Section 501) at the Site from the issuance by the City of the Certificate of Occupancy until the first August 31 that occurs at least six (6) months after said issuance (the "Initial Season").

(b) There shall be a minimum performance requirement of the Lessee of one hundred (100) Theatrical Presentation Units at the Site for the one-year period following the Initial Season (the "Second Season").

(c) There shall be a minimum performance requirement of the Lessee of one hundred and fifty (150) Theatrical Presentation Units during each one-year period ("Season") following the Second Season. If Lessee fails to meet these minimum performance requirements during any Season, then the Agency may terminate this Lease, subject to the notice and cure provisions below.

(d) If there are no Theatrical Presentations during any one hundred and twenty (120) day period following the conclusion of the Initial Season, then the Agency may terminate this Lease, subject to the notice and cure provisions below.

(e) In the event of default by Lessee related to the minimum performance requirements set forth above, the provisions of this Section 504.2(d) shall apply:

(1) Agency shall send a notice of default to Lessee informing Lessee of its default under this Section 504.2, and demanding Lessee's cure thereof.

(2) Lessee shall diligently proceed to cure any such default, and within six (6) months of the notice of default Lessee shall submit a plan to cure the default (the "Draft Cure Plan") to the Agency, diligently obtain the Agency's approval of the plan (as approved, the "Approved Cure Plan"), and promptly implement the Approved Cure Plan.

(3) Within six (6) months from the date of the Agency's approval of the Approved Cure Plan, Lessee shall implement the Approved Cure Plan; provided, however, that if Lessee fails to submit a Draft Cure Plan acceptable to the Agency within six (6) months from the Agency's notice of default, or it becomes apparent that Lessee has failed to perform under the Approved Cure Plan at any point in time beyond the date that is one (1) year after the Agency's approval of the Approved Cure Plan, then the Agency shall have the right to immediately terminate this Lease without any further application of any notice or cure provisions. Notwithstanding the foregoing, and without limiting the foregoing rights of the Agency, once the Lessee has met the minimum performance requirements of two seasons following the Agency's approval of the Approved Cure Plan, the default shall be deemed fully cured.

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F. [§ 504.2] Community Access

Fifteen (15) theater nights in the Theater shall be available annually to City-sponsored organizations. Lessee may charge such City-sponsored organizations granted use of the Theater an amount that does not exceed the Lessee's cost to reimburse Lessee for the marginal maintenance and/or security and/or operating costs required by such use and for the marginal damages or repairs to such facilities arising from such usage and for any extra cost of liability insurance coverage incurred by Lessee arising from such usage. All fees to be charged to City-sponsored organizations for the marginal maintenance and/or security and/or operating costs arising from such use shall be submitted for the approval of the Agency's Executive Director or designee in the form of an annual Community Access Plan. The Community Access Plan shall be submitted prior to August 1 of each year for the following calendar year, and shall provide specific procedures to make the Theater open to City-sponsored organizations consistent with the Agreement. The Agency's Executive Director shall determine which City-sponsored organizations obtain the use of the Theater for the nights required by this Section, in the event more applications are received for such use than can be accommodated. Unused nights shall not carryover to the next year.

At the Lessee's option, the proposed Community Access Plan, for a particular year, submitted to the Agency's Executive Director may reduce the number of community access nights otherwise required herein in return for providing a minimum of fifty (50) free Theatrical Presentation tickets for City-based non-profit groups for each reduced community access night. If ten theater nights in the Theater are made available but not fully utilized, no tickets are required with respect to those nights.

G. [§ 504.3] Non-Profit Group Tickets

In addition to those tickets, which may be provided by Lessee pursuant to the immediately preceding section (section 504.3 above), Lessee shall provide one hundred and fifty (150) free Theatrical Presentation tickets for Culver City based non-profit groups each year. Lessee shall distribute these tickets in accordance with the Community Access Plan to be submitted to and approved by the Agency's Executive Director or designee. The annual plan to distribute 150 tickets to recipients shall target students of the Culver City Unified School District, Culver City based non-profit organizations and low-income residents, including participants in the City's Housing Programs, and the like.

H. [§ 504.4] Annual Schedule of Presentations.

At the commencement of this Lease, and by the first day of August each year thereafter, Lessee shall submit to Agency for its review and comment, a draft, proposed, Annual Schedule of Presentations which will indicate the various anticipated uses and users of the Theater throughout the coming year and the periods of such use. The required opportunity to review and comment on the Annual Schedule is intended to permit Agency to

be assured that the community has access to the Theater pursuant to Section 504.3, and that it is being utilized effectively and efficiently throughout the year. Agency shall have no power of approval of play selection or performance content by reason of its review of the annual Schedule of Presentations.

I. [§ 504.5] Co-Production.

Lessee shall be entitled to collect and retain for its own use all such fees paid by other producers as compensation for its production assistance, and shall be entitled to participate in co-productions at the Theater.

J. [§ 505] Obligation to Refrain from Discrimination

There shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, creed, religion, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site and Improvements, and Lessee itself or any person claiming under or through it shall not 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, subtenants, sublessees, or vendees of the Site and Improvements.

K. [§ 506] Form of Nondiscrimination and Nonsegregation Clauses

Lessee shall refrain from restricting the rental, sale or lease of the Site and Improvements, or any portion thereof, on the basis of sex, marital status, race, color, creed, religion, ancestry or national origin of any person. All such deeds, leases or contracts pertaining to the foregoing matters shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of, any person or group of persons on account of sex, marital status, race, color, creed, religion, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee 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, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."
2. In leases: "The lessee covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through

it, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons on account of sex, marital status, race, color, creed, religion, national origin or ancestry, in the leasing, subleasing, transferring, use, or enjoyment of the land herein leased nor shall 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, sublessees, subtenants or vendees in the land herein leased."

3. In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of sex, marital status, race, color, creed, religion, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee 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, sublessees, subtenants, or vendees in the land."

L. [§ 507] Quiet Enjoyment

The parties hereto mutually covenant and agree that Lessee by keeping and performing the covenants herein contained, shall at all times during the Term of this Lease, peaceably and quietly have, hold and enjoy the Site and Improvements.

M. [§ 508] Parking

Designated parking for Lessee's staff shall be made available at all times free of charge to the Lessee at City Hall on Level P1, unless and until City employees are charged for such parking. Lessee's staff shall be provided with code access to such parking, and the security guard/parking attendant requirements set forth below shall be inapplicable to Lessee staff parking.

Lessee patron/customer parking will be located at City Hall on Level P1 (1) at all times that City Hall is otherwise open for public use and access, and (2) at all times that City Hall is not open to the public, but Lessee nonetheless provides a minimum of two (2) security guards/parking attendants to open and monitor the City Hall Level P1 parking and the courtyard. Lessee shall reimburse the City for the marginal utility costs and marginal clean-up costs of such use, the precise amount of which shall be subject to the reasonable annual agreement of the Agency and the Lessee.

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Notwithstanding the foregoing, at all times after 6:00 P.M. that the City Hall is open to the public, and Lessee desires to utilize P1 parking for itself or its patrons/customers, Lessee shall provide a minimum of one (1) security guard/parking attendant to monitor the City Hall Level P1 parking and the courtyard.

Lessee agrees that commencing five (5) years after the issuance by City of the Certificate of Occupancy for Parcel A, Agency may at its sole discretion charge for parking in City Hall by Lessee's patrons/customers and, in the event City employees are charged for such parking, by Lessee's staff. If so, the amount charged to Lessee patrons/customers and, if applicable, Lessee's staff, for such parking shall not be greater than the Agency and City parking rates in the Downtown area for public parking facilities, and shall be set at a rate which the Agency determines does not discourage patrons and customers from using the parking to attend Theatrical Presentations at the Site. Agency agrees to consult with Lessee prior to establishing any such parking charges. The Agency shall not charge Lessee or its patrons/customers or staff, if applicable, for parking at any time the public is offered free parking at City Hall.

VI. [§ 600] TAXES, ASSESSMENTS AND OTHER CHARGES

A. [§ 601] Utilities

Lessee agrees to pay or cause to be paid, as and when they become due and payable, all charges for water, gas, light, heat, telephone, electricity and other utility and communication services rendered or used on or about the Site and Improvements at all times during the term of this Lease.

B. [§ 602] Intentionally Omitted

C. [§ 603] Impositions (Including Taxes & Assessments): Payment Generally

Subject to the provisions of Section 501.6 of this Lease, Lessee agrees to pay or cause to be paid, as and when they become due and payable, and before any fine, penalty, interest or cost may be added thereto, or become due or be imposed by operation of law for the nonpayment thereof, all taxes, assessments, franchises, excises, license and permit fees, and other governmental levies and charges, general and special, ordinary and extraordinary, unforeseen and foreseen, of any kind and nature whatsoever which at any time during the Term of this Lease may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or in respect of, or become a lien on: (1) the Site and Improvements or any part thereof or any appurtenance thereto; (2) the rent and income received by Lessee from subtenants, guests or others for the use or occupation of the Site and the Improvements thereon; or (3) this transaction or any document to which Lessee is a party, creating or transferring an interest or estate in the Site and Improvements, provided, however, that Agency shall remain responsible and shall pay or cause the payment of any and all ad valorem taxes that apply to that portion of Parcel B, and the

improvements thereon, that are subject to the Paskan Lease, until said Paskan Lease is terminated or otherwise expires. All such taxes, franchises, excises, license and permit fees, and other governmental levies and charges shall hereinafter be referred to as "Impositions", and any of the same shall hereinafter be referred to as an "Imposition". Any Imposition relating to a fiscal period of the taxing authority, a part of which period is included within the Term of this Lease and a part of which is included in a period of time after the expiration of the Term of this Lease, shall (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon, become a lien upon the Site and Improvements, or shall become payable, during the Term of this Lease) be adjusted between Agency and Lessee as of the expiration of the Term of this Lease, so that Lessee shall pay that portion of such Imposition which that part of such fiscal period included in the period of time before the expiration of the Term of this Lease bears to such fiscal period, and Agency shall pay the remainder thereof; Lessee shall not be entitled to receive any apportionment, if Lessee shall be in default in the performance of any of Lessee's covenants and agreements as provided in this Lease.

The failure of Lessee to pay an Imposition that cannot under any circumstances give rise to a lien against the Site and Improvements shall not be a breach of the first paragraph of this Section 603. Lessee hereby agrees to defend, indemnify and hold harmless Agency and City and their respective officers, employees and consultants from and against all claims, liability, loss, damage, costs, or expenses (including reasonable attorney's fees and court costs) arising from or as a result of Lessee's failure to pay any Imposition to the extent that such Imposition relates to a fiscal period included within the Term of this Lease.

Nothing in this Section 603 shall alter, modify or limit in any way the rights and obligations of Lessee to contest property tax assessments as set forth and as limited in Section 501.6 of this Lease.

D. [§ 604] Payment of Impositions in Installments

If, by law, any Imposition may at the option of the payer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Lessee may exercise the option to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments and, in such event, shall pay such installments as may become due during the Term of this Lease as the same respectively become due and before any fine, penalty, further interest or cost may be added thereto; provided, however, that the amount of all installments of any such Imposition which will be the responsibility of Lessee pursuant to Section 603 herein above, and which are to become due and payable after the expiration of the term of this Lease, shall be deposited with Agency for such payment on the date which shall be one (1) year immediately prior to the date of such expiration.

E. [§ 605] Agency Right to Cure

If Lessee, in violation of the provisions of this Lease, shall fail to pay and to discharge any Imposition, Agency may (but shall not be obligated to) pay or discharge it, and the amount paid by Agency and the amount of all costs, expenses, interest and penalties connected therewith, including attorney fees, together with interest at the rate of three percent (3%) over the prime rate of the largest bank operating in the State of California on the date payment is made by Agency, shall be deemed to be and shall be payable by Lessee as additional rent and shall be reimbursed to Agency by Lessee on demand, provided that Lessee and the holder of any Mortgage obtained in accordance with Section 901 of this Lease that has registered its name and address in writing with Agency shall have failed to pay such Imposition within ten (10) business days after written notice from Agency to Lessee and such holder of Agency's intention to pay.

F. [§ 606] Tax Receipts

Lessee shall furnish to Agency, within forty-five (45) days after the date when any real property taxes, assessments or any other Imposition which could have any effect on Agency's title would become delinquent, official receipts of the appropriate taxing authority or other evidence satisfactory to Agency evidencing payment thereof.

G. [§ 607] Limits of Tax Liability

The provisions of this Lease shall not be deemed to require Lessee to pay municipal, county, state or federal income or gross receipts or excess profits taxes assessed against Agency, or municipal, county, state or federal capital levy, estate, succession, inheritance, gift, or transfer taxes of Agency, or corporation franchise taxes imposed upon any corporate owner of the fee of the Site; except, however, that Lessee shall pay all taxes assessed by any governmental authority by virtue of any operation by Lessee conducted on or out of the Site and Improvements. It is agreed that in the event the State of California or any taxing authority thereunder changes or modifies the system of taxing real estate so as to tax the rental income from real estate in lieu of or in substitution (in whole or in part) for the real estate taxes and so as to impose a liability upon Agency for the amount of such tax, then Lessee shall be liable under this Lease for the payment of the taxes so imposed during the Term of this Lease, or any renewal thereof, to the same extent as though the alternative tax was a tax upon the value of the Site and Improvements. In order to determine the amount of such alternative tax for which Lessee shall be liable, the Site and Improvements shall be considered as if it was the only asset of Agency, and the rent paid hereunder shall be considered as if it were the only income of Agency.

H. [§ 608] Contests

(a) Except as expressly permitted under Section 501.6 herein above, Lessee shall refrain from appealing, challenging or contesting in any manner the validity or amount of any tax assessment, encumbrance or lien on the Site; provided, however, that such prohibition shall not apply to an appeal, challenge or contesting of the erroneous initial assessment for property tax purposes of the Site in the fiscal year of the completion of the

improvements to be constructed pursuant to this Lease, and further provided that in the absence of transfer of ownership or new construction Lessee shall not be prohibited from appealing, challenging or contesting any increases in assessment of the Site for property tax purposes over and above the current 2% per annum permitted amount.

(b) Lessee agrees that any such permitted proceedings shall be begun without undue delay after any contested item is imposed and shall be prosecuted to final adjudication with reasonable dispatch. Lessee shall give Agency prompt notice in writing of any such contest at least ten (10) days before any delinquency occurs. Lessee may only exercise its right to contest an Imposition hereunder if the subject legal proceedings shall operate to prevent the collection of the Imposition so contested, or the sale of the Site and Improvements, or any part thereof, to satisfy the same, and only if Lessee shall, prior to the date such Imposition is due and payable, have given such reasonable security as may be required by Agency from time to time in order to insure the payment of such Imposition to prevent any sale, foreclosure or forfeiture of the Site and Improvements or any part thereof, by reason of such nonpayment. In the event of any such contest and the final determination thereof adversely to Lessee, Lessee shall, before any fine, interest, penalty or cost may be added thereto for nonpayment thereof, pay fully and discharge the amounts involved in or affected by such contest, together with any penalties, fines, interest, costs and expenses that may have accrued thereon or that may result from any such contest by Lessee and, after such payment and discharge by Lessee, Agency will promptly return to Lessee such security as Agency shall have received in connection with such contest.

(c) Agency shall cooperate reasonably in any such contest permitted by this Section 608, and shall execute any documents or pleadings reasonably required for such purpose. Any such proceedings to contest the validity or amount of Imposition or to recover back any Imposition paid by Lessee shall be prosecuted by Lessee at Lessee's sole cost and expense; and Lessee shall indemnify and save harmless Agency against any and all loss, cost or expense of any kind, including, but not limited to, reasonable attorneys' fees and expenses, which may be imposed upon or incurred by Agency in connection therewith.

I. [§ 609] Notice of Possessory Interest; Payment of Taxes and Assessments on Value of Entire Property

In accordance with California Revenue and Taxation Code Section 107.6(a), Agency states that by entering into this Lease, a possessory interest subject to property taxes shall be created. Lessee or other party in whom the possessory interest is vested could be subject to the payment of property taxes levied on such interest.

J. [§ 610] Other Liens

Lessee shall not, directly or indirectly, create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, encumbrance or charge on or pledge of the Site or the Improvements, or fixtures and furnishings, or any part thereof,

or Lessee's interest therein, or the rent, additional rent or other sums payable by Lessee under this Lease, other than (i) such Mortgages as are permitted pursuant to Section 901, and (ii) as necessary in connection with the financing of furniture, fixtures and equipment for the Improvements. Lessee shall notify Agency promptly of any lien or encumbrance which has been created on or attached to the Site and Improvements, or to Lessee's leasehold estate therein, whether by act of Lessee or otherwise. The existence of any mechanic's, laborer's, materialmen's, supplier's or vendor's lien, or any right in respect thereof, shall not constitute a violation of this Section if payment is not yet due upon the contract or for the goods or services in respect of which any such lien has arisen, or if such lien has been discharged by the posting of bonds or other lien-release security as is provided for such discharge by law.

VII. [§ 700] OWNERSHIP OF AND RESPONSIBILITY FOR IMPROVEMENTS

A. [§ 701] Ownership During Term and at Termination

All Improvements on the Site constructed or installed by Lessee as permitted or required by this Lease, shall, during the Term of this Lease, be and remain the property of Lessee. All Improvements located on the Site, whether existing thereon on the Commencement Date, or constructed or installed thereon by Lessee as permitted or required by this Lease, shall, at the expiration or sooner termination of the Term of this Lease, be and remain the property of Agency. Subject to Lessee's rights and obligations set forth in this Lease relating to construction alterations and additions, Lessee shall have no right at any time to waste, destroy, demolish or remove any of the Improvements. Lessee's rights and powers with respect to the Improvements are subject to the terms and limitations of this Lease. Agency and Lessee covenant for themselves and all persons claiming under or through them that the Improvements are real property.

B. [§ 702] Removal of Fixtures and Furnishings at Termination

At the expiration or sooner termination of the Term of this Lease, Agency may, at Agency's election, demand the removal from the Site and Improvements, at Lessee's sole cost and expense, of all fixtures and furnishings, or of certain fixtures and/or furnishings, as specified in the notice provided for below. A demand to take effect at the normal expiration of the Term shall be effected by notice given not less than sixty (60) days prior to the expiration date. A demand to take effect on any other termination of the Lease shall be effectuated by notice given in or concurrently with notice of such termination or within ten (10) days after such termination.

At the expiration or sooner termination of the Term of this Lease, Lessee may, at Lessee's sole cost and expense, remove from the Site and Improvements any and all fixtures and furnishings. Any fixtures and/or furnishings not removed by Lessee within ninety (90) days of the termination of the Lease shall be deemed to be abandoned by Lessee and shall, without compensation to Lessee, then become Agency's property, free

and clear of all claims to or against them by Lessee or any third person, subject to security interests therein to the extent permitted by this Lease.

Lessee shall defend, indemnify and hold harmless Agency against all liability and loss arising from any such claims or from Agency's exercise of the rights conferred by this Section 702.

C. [§ 703] Intentionally Omitted

D. [§ 704] Waste

Lessee shall not commit or suffer to be committed any waste or impairment of the Site or the Improvements, or any part thereof.

Lessee agrees to keep the Site and the Improvements clean and clear of refuse and obstructions, and to lawfully dispose of all garbage, trash and rubbish.

E. [§ 705] Alteration of Improvements

Lessee shall not make or permit to be made any alteration of, addition to or change in the Improvements, other than (a) routine maintenance, repairs, interior decoration and minor interior alterations or (b) alterations, additions or changes not open to public view which are consistent with any applicable preservation ordinances or regulations, and which cost in the aggregate less than an amount equal to One Hundred Thousand Dollars (\$100,000) escalated from the date of this Lease in accordance with the applicable Consumer Price Index, nor demolish all or any part of the Improvements, without the prior written consent of Agency's Executive Director. In requesting such consent, Lessee shall submit to Agency detailed plans and specifications of the proposed work and an explanation of the need and reasons thereof.

Notwithstanding the prohibition in this Section 705, Lessee may make such changes, repairs, alterations, improvements, renewals or replacements to the Improvements as are required by reason of any law, ordinance, regulation or order of a competent government authority.

F. [§ 706] Damage to or Destruction of Theater and Improvements

1. [§ 707] Lessee to Give Notice

In case of any damage to or destruction of the Theater or the Improvements, or any part thereof, in excess of an amount equal to One Hundred Thousand Dollars (\$100,000) escalated from the date of this Lease in accordance with the applicable Consumer Price Index, Lessee shall within ten (10) days after Lessee becomes aware of such damage or destruction give written notice thereof to Agency generally describing the nature and extent of such damage or destruction.

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2. [§ 708] Restoration

(a) Lessee shall be responsible for the restoration of the Theater or other Improvements in accordance with the damage and destruction clauses of this Lease.

(b) In case of any damage to or destruction of the Theater or other Improvements, or any part thereof, subject to the right to terminate the Lease under § 710, Lessee shall commence the restoration, replacement or rebuilding of the Improvements with such alterations and additions as may be approved by Agency (such restoration, replacement, rebuilding alterations and additions, together with any temporary repairs and property protection pending completion of the work being herein called "Restoration") within ninety (90) days of such damage or destruction, plus any additional period reasonably required to obtain any Net Insurance Proceeds or other funding source to be used to pay all or a portion of the cost of such Restoration, and shall complete such Restoration within a reasonable period of time thereafter.

(c) As used herein, the term "Net Insurance Proceeds" means the gross insurance proceeds paid by an insurer to Lessee for loss or damage to the Improvements on the Site and Improvements, less any and all costs and expenses (including, but not limited to reasonable attorneys' fees) incurred to recover said proceeds. Lessee agrees to promptly commence and prosecute to completion the settlement of insurance proceeds with respect to any event of damage or destruction of the Improvements on the Site.

(d) Lessee agrees that, notwithstanding any other provision of this Lease, upon any event of damage or destruction to the Improvements, Lessee shall at its sole cost and expense (whether or not Lessee terminates or intends to terminate this Lease pursuant to Section 710 below) immediately take or cause to be taken such actions and under and complete such work as is necessary to assure the safe condition of the damaged Improvements pending the ultimate disposition of the Improvements. In any instance where Lessee may elect to terminate this Lease rather than restore the Improvements pursuant to Section 710 below, if Lessee does not terminate this Lease, Lessee shall restore the Improvements.

3. [§ 709] Application of Insurance Proceeds

Insurance proceeds carried under Article X which are received on account of any damage to or destruction of the Site or the Improvements thereon, or any portion thereof, (less the costs, fees and expenses incurred in the collection thereof, including without limitation attorney's fees and expenses) and if Lessee shall not make the election permitted in Section 710 below, shall be applied as follows:

(1) Within a reasonable time and in any event within 180 days after the damage to or destruction of the Theater or other Improvements, Lessee shall furnish, or cause to be furnished to Agency and any Mortgagee evidence satisfactory to Agency and

the Mortgagee (a) of the total cost of Restoration of the damaged or destroyed Improvements pursuant to Section 708 and (b) that the total amount of money available will, when added to the insurance proceeds received and available to pay for the Restoration pursuant to the terms of this Section 709, be sufficient to pay the cost of such Restoration.

(2) Net insurance proceeds received on account of any damage to or destruction of the Improvements, or any part thereof, shall be paid to Lessee or as Lessee may direct (except that, during the term of any Mortgage, such net insurance proceeds shall be paid to the Mortgagee which holds the highest priority Mortgage, if required by such Mortgagee) from time to time as Restoration progresses, solely to pay (or reimburse Lessee for) the cost of Restoration. Upon receipt by Agency and any Mortgagee of evidence that Restoration has been completed and the cost thereof paid in full or has been adequately provided for, and that there are no mechanic's or similar liens for labor or materials supplied in connection therewith which have not been adequately provided for, the balance, if any, of such proceeds shall be paid to Lessee.

(3) Any insurance proceeds held by the recipient on any termination of this Lease and not required to be paid to Agency pursuant to the provisions of this Lease shall be paid first to the expenses of clearing the Site of any rubble, and next to the Mortgagee as its interests may appear, and next to Lessee.

G. [§ 710] Damage or Destruction During Final Years of Term

Notwithstanding Sections 708 and 709 to the contrary, in the event of major damage or destruction to the Improvements on the Site during the last five years of the Term of this Lease, at Lessee's election, Lessee may request that this Lease be terminated. Agency shall approve such request, provided Lessee first complies with all of the following conditions:

1. Lessee shall give Agency notice of the damage or destruction within thirty (30) days after the event causing such damage and destruction.
2. Lessee shall give Agency notice requesting that this Lease be terminated as a result of such damage or destruction within forty-five (45) days after settlement of insurance proceeds, but in any event within one hundred eighty (180) days after the event causing such damage or destruction.
3. Lessee shall clear and remove all debris from the Site, restore the Site to a safe and neat condition, deliver possession of the Site to Agency, and shall quitclaim all right, title and interest in the Site to Agency.

Major damage or destruction to the Improvements as used in this Section means such damage or destruction that the cost of restoration will exceed fifty percent (50%) of the cost to replace the Improvements on the Site in their entirety.

H. [§ 711] Indemnification

Lessee agrees to hold harmless Agency and City, and to indemnify Agency and City against all claims, liabilities, costs and expenses, for labor and materials in connection with all construction, repairs or alterations on the Site and Improvements and the Improvements, and the cost of defending against such claims, including reasonable attorney's fees.

VIII. [§ 800] ASSIGNMENT, SUBLETTING, TRANSFER

A. [§ 801] Warranty Against Speculation

(a) Lessee hereby represents and warrants that this Lease, the rehabilitation of the buildings, and its other undertakings pursuant hereto, are, and will be used for the purpose of redevelopment of the Site and not for speculation in land holding. Lessee further recognizes that:

1. The importance of the redevelopment of the Site to the general welfare of the community; and
2. The substantial financing and other public aids that have been made available by law and by Agency for the purpose of making such redevelopment possible; and
3. The fact that a change in ownership or control of Lessee or of a part thereof, or any other act or transaction involving or resulting in a change in ownership or with respect to the identity of the parties in control of Lessee or the degrees thereof, is for practical purposes a transfer or disposition of the Site and Improvements; and
4. The Site is not to be acquired or used for speculation, but only for development by Lessee in accordance with this Lease.

(b) The qualifications and identity of Lessee, and its principals, are of particular concern to the community and Agency. Lessee further recognizes that it is because of such qualifications and identity that Agency is entering into this Lease with Lessee.

B. [§ 802] Prohibition Against Transfer

(a) Lessee shall comply with Section 316 of the Agreement until the recordation of a Certificate of Completion pursuant to Section 804 of this Lease. Upon the recordation of a Certificate of Completion, the provisions of Section 316 of the Agreement shall no longer apply to Lessee or this Lease and the provisions of Sections 800 to 803, inclusive, shall become effective.

(b) Lessee shall not, except as permitted by this Lease, make any Transfer, hereinafter defined, to any person or entity (a "Transferee"), without the prior written consent of Agency and any permitted Mortgagee. Any purported Transfer not permitted by this Article VIII or Article IX shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Lessee under such a Transfer shall acquire any rights pursuant to this Lease. These restrictions shall be binding on any successors, heirs or permitted Transferee of Lessee. "Transfer," as used herein, shall mean any assignment or attempt to assign this Lease or any right herein, any total or partial transfer, sale, assignment, lease, sublease, license, franchise, gift, hypothecation, mortgage, pledge, encumbrance or the like, excluding, however, each of the following: (a) the foreclosure of a permitted Mortgage or the acceptance of a deed in lieu of foreclosure by a permitted Mortgagee; (b) the subsequent Transfer by a permitted Mortgagee of an interest acquired pursuant to (a); (c) the acquisition at a foreclosure sale in connection with a permitted Mortgage by any third party; and (d) the execution of a management agreement first approved in writing by Agency pursuant to Sections 502 or 503 of this Lease. Persons or entities who are permitted Transferees under the immediately preceding sub-paragraphs (a) through (c), inclusive, shall enjoy the rights of a Transferee only on the condition that, except for approved theater operators, they accept and agree in writing approved by Agency to be bound by all of the provisions of this Lease, including but not limited to all obligations of Lessee hereunder.

(c) This prohibition shall not be deemed to prevent (i) the granting of easements or permits for the development of the Site as reasonably approved by Agency, (ii) the renting or subleasing or licensing of space for occupancy consistent with the customary uses and practices of a theater and related facilities, (iii) granting any security interests expressly permitted under this Lease in accordance with the provisions of this Lease, or (iv) the assignment of this Lease to any affiliate of Lessee or joint venture, provided Lessee submits evidence satisfactory to Agency that the principals who manage and control Lessee will maintain a majority controlling interest after consummation of such transaction and will have the ability to maintain a majority controlling interest throughout the Term of this Lease. In addition, Lessee may rent the Site, or any part thereof, on certain specific occasions to corporations, organizations, individuals, or itself for the purpose of presenting performances which are permitted under Section 501 of this Lease provided that such events are in keeping with and not inimical to those uses permitted pursuant to provisions of Section 501 of this Lease and for purposes incidental thereto. Any such usage of the Site shall be subject to the terms, covenants or conditions of this Lease.

(d) Lessee may Transfer the whole or any part of the Site and Improvements after recordation of a Certificate of Completion pursuant to Section 804 with the prior written consent of Agency subject to the rights of any Mortgagee under Article IX of this Lease, which consent shall be in the sole and absolute discretion of the Agency. Lessee shall only Transfer the Site and Improvements and Lessee's rights therein as a whole and is not permitted to subdivide the Site and Improvements and its rights for the duration of the Lease without the prior written approval of Agency.

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(e) Such approval shall only be given by Agency if:

(1) At the time of such assignment, this Lease shall be in full force and effect and either no default then exists, no default will exist upon consummation of the Transfer or Lessee is curing default;

(2) Agency determines in its sole discretion that the following Transfer requirements are met: (i) such assignment is made to a responsible third party who will undertake Lessee's responsibilities under this Lease to use and develop the Site in accordance with this Lease; (ii) if the assignment occurs prior to the issuance of a Certificate of Completion pursuant to Section 804 of the Lease that such third party shall demonstrate qualifications and experience with respect to the type of development proposed herein and in the Agreement to assure the development and operation of the Improvements equal to or greater than the qualifications and experience of Lessee; and (iii) such third party shall demonstrate sufficient financial resources or commitments to assure operation (and, if the assignment occurs prior to the issuance of a Certificate of Completion pursuant to Section 804 of the Lease, development) of the Site in accordance with this Lease;

(3) The Transferee shall have executed an express assumption, in form and substance first approved in writing by Agency, of the obligations and liabilities of Lessee under this Lease arising on and after the effective date of the Transfer; and

(4) The Transferee shall have experience in the operation and management of a theater of the type and character located on the Site and Improvements, or shall agree and covenant as an additional obligation under this Lease to at all times cause the Theater to be operated and managed by a person, first approved in writing by Agency's Executive Director, who has substantial experience in managing and operating a theater of similar type and character.

(f) No voluntary or involuntary successor in interest of Lessee shall acquire any rights or powers under this Lease except as expressly permitted under this Lease. This Lease may not be assigned, nor may a transfer of interest take place without the express, prior written consent of Agency and, to the extent required by the applicable loan documents, the holder of any Mortgage obtained in accordance with Section 901 of this Lease.

(g) During the existence of this Lease, Lessee shall promptly notify Agency of any and all changes whatsoever in the identity of the parties in control of Lessee, or a change in the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information.

(h) In the absence of specific express written provision to the contrary by Agency, a Transfer of the Site and Improvements, or portion thereof, or approval thereof by Agency, shall be deemed to relieve the Lessee or any other party from any obligations under this

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Lease arising on or after the effective date of the Transfer; provided, however, that a Mortgagee shall be deemed to be released from and after the date of a Transfer from such Mortgagee.

(i) Lessee shall only Transfer the Site and Improvements and Lessee's rights therein as a whole and is not permitted to subdivide the Site and Improvements and its rights for the duration of the Lease without the prior written approval of Agency.

(j) No provision hereof authorizing encumbrance of Lessee's interest herein shall be construed to authorize encumbrance of Agency's fee title to the Site or Agency's interest under this Lease, and Lessee shall not by any act or deed cloud Agency's fee title or Agency's interest under this Lease.

C. [§ 803] Investigation of Proposed Transferee

(a) In the event that Lessee requests Agency's written consent to a proposed Transfer pursuant to Article VIII or Article IX of this Lease, Lessee agrees to provide Agency with such information, including financial statements as Agency may reasonably require in order to evaluate the solvency, financial responsibility and relevant business acumen and experience of any proposed Transferee. Such information shall include, without limitation, a balance sheet of the proposed Transferee as of a date within ninety (90) days of the request for Agency's consent and statements of income or profit and loss of the proposed subtenant or assignee for the two-year period preceding the request for Agency's consent, if the same be available (or such other similar information as shall be available at the time the request for approval of the Transfer is made), and a written statement in reasonable detail as to the business and experience of the proposed Transferee during the five (5) years preceding the request for Agency's consent.

Within thirty (30) days after the receipt of Lessee's written notice requesting Agency approval of an Transfer, Agency shall respond in writing by stating what further information, if any, Agency reasonably requires in order to determine whether or not to approve the requested Transfer. Upon receipt of such a timely response, Lessee shall promptly furnish to Agency such further information as may be reasonably requested.

Lessee's request for approval of a Transfer and delivery of necessary information for financing purposes shall be deemed complete twenty (20) days after Agency's receipt thereof and Lessee's request for approval of a Transfer and delivery of necessary information for all other types of Transfer shall be deemed complete thirty (30) days after Agency's receipt thereof if Agency does not deny approval or if no timely response requesting further information regarding the proposed assignee is delivered to Lessee, or, if such a timely response requesting further information is received, on the date which is fifteen (15) days after the date that Lessee delivers such additional information to Agency. None of the foregoing shall restrict Agency's rights to deny approval of any Transfer not found acceptable by Agency pursuant to this Lease. Any Transfer requiring Agency's consent shall only be effective upon Agency's written consent to such Transfer.

Agency shall approve or disapprove any requested Transfer for financing purposes requiring Agency approval within thirty (30) days after Lessee's request therefor is accepted as complete or is deemed complete, and Agency shall approve or disapprove any other type of requested Transfer requiring Agency approval within forty-five (45) days after Lessee's request therefor is accepted as complete or is deemed complete. Any disapproval shall be in writing and shall specify the reasons for the disapproval and, if applicable, the conditions required to be satisfied by Lessee in order to obtain approval. If Lessee's initial notice requesting approval of an Transfer for financing purposes (but not any other type of Transfer) states that the Transfer will be deemed approved unless rejected within the time required in this Lease, Agency's failure to timely disapprove the Transfer shall be conclusively deemed to constitute an approval.

(b) If Agency consents to any Transfer pursuant to Article VIII or Article IX, such consent shall not be effective unless and until Lessee gives Agency notice of the Transfer and a copy of any documents effecting and/or evidencing such Transfer, and unless and until any such Transferee (other than a sublessee) assumes all of the obligations and liabilities of Lessee under this Lease.

(c) Bankruptcy. It is acknowledged and agreed that this Lease is a lease of real property within the meaning of Subsection 365(b) (3) of the Bankruptcy Code, 11, U.S.C. To the extent not prohibited by provisions of the Bankruptcy Code, 11 U.S.C. Section 101 et seq., including Section 365(f)(1) thereof, Lessee on behalf of itself, creditors, administrators and assigns waives the applicability of Sections 541(c) and 365(e) of the Bankruptcy Code of 1978 unless the proposed assignee of the Trustee for the estate of the bankrupt meets Agency's standards for consent. Agency has entered into this Lease with Lessee in order to obtain for the benefit of the Site the unique types of facilities, businesses, services and goods which Lessee can bring to the Site; the foregoing prohibition on Transfer or subletting is expressly agreed to by Lessee in consideration of such fact. Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such Transfer. Any such assignee shall upon demand execute and deliver to Agency an instrument confirming such assumption.

(d) No Waiver. The acceptance by Agency of any payment due hereunder from any other person shall not be deemed to be a waiver by Agency of any provision of this Lease or to be a consent to any Transfer or subletting. Consent by Agency to one or more Transfers of this Lease or to one or more sublets of the Site shall not operate as a waiver or estoppel to the future enforcement by Agency of its rights pursuant to the provisions of this Lease.

D. [§ 804] Certificate of Completion

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(a) Within thirty (30) days after completion of all construction and development to be completed by Lessee upon the Site under the Agreement and this Lease, Agency shall furnish Lessee with a Certificate of Completion, in such form as to permit it to be recorded in the Office of the County Recorder of Los Angeles County, upon written request therefor by Lessee. Agency shall not unreasonably withhold such Certificate of Completion. Such Certificate of Completion shall constitute evidence of satisfactory completion of the construction required under the Agreement, this Lease, and the Certificate of Completion shall so state.

(b) If Agency refuses or fails to furnish a Certificate of Completion for the Site after written request from Lessee, Agency shall, within thirty (30) calendar days of the written request, provide Lessee with a written statement of the reasons Agency refused or failed to furnish the Certificate of Completion for the Site. The statement shall also contain Agency's opinion of the action Lessee must take to obtain a Certificate of Completion for the Site, but it need not contain technical information or instructions. If the reason for such refusal is confined to the immediate availability of specific items of landscaping or other minor items or the failure to complete "punch list" items, Agency shall issue the Certificate of Completion upon the posting of a bond or other security instrument in form and content acceptable to Agency and in an amount representing the fair value of the work not yet completed, which bond or other security instrument shall secure Lessee's obligation to complete all outstanding items of construction and development within sixty (60) days following the issuance of the Certificate of Completion.

(c) Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Lessee to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the improvements on the Site or any part thereof. Such Certificate of Completion is not notice of completion as referred to in Section 3093 of the California Civil Code.

IX. [§ 900] MORTGAGES

A. [§ 901] Leasehold Mortgages

(a) From time to time during the Term of this Lease, Lessee shall have the right to mortgage, pledge, deed in trust, assign rents, issues and profits (for purposes of security if required by any lender), enter into capitalized leases or other financing mechanisms in connection with the acquisition of furniture, fixtures and equipment for the Theater, or otherwise encumber the interest of Lessee under this Lease, in whole or in part, and any interests or rights appurtenant to this Lease, and to assign or pledge the same as security for any debt (the holder of any such mortgage, pledge or other encumbrance, an the beneficiary of any such deed of trust being hereafter referred to as "Mortgagee" and the mortgage, pledge, deed of trust or other instrument hereafter referred to as "Mortgage"), upon and subject to each and all of the following terms and conditions:

1. Lessee shall not make or enter into an agreement to make any Mortgage without the prior written approval of Agency. Agency shall approve a proposed Mortgage so long as it does not encumber the fee. Upon Lessee's request for approval of a proposed Mortgage and Lessee's submission to Agency of such information concerning the proposed Mortgage as Agency may reasonably request, Agency shall not unreasonably delay its approval or disapproval of the proposed Mortgage and, in any event, shall approve or disapprove the proposed Mortgage within thirty (30) days. Agency's Executive Director shall be authorized to approve minor changes to this Lease as reasonably requested by a proposed Mortgagee.

2. The Mortgage shall cover no interest in any real property other than Lessee's interest in the Site, the Theater and other Improvements or some portion thereof, and the leasehold estate of Lessee under this Lease. The Mortgage shall state on its face that it does not encumber in any way Agency's fee interest in the Site and Agency's interest under this Lease.

3. Prior to the issuance of the Certificate of Completion, Mortgages may be made only for the purposes of financing necessary and appropriate to pay Project Costs. "Project Costs" as used herein means the following actual costs and expenses of the development work to be performed by or on behalf of Lessee for or in connection with the development of the Theater and other Improvements required under this Lease, to the extent that such costs and expenses are incurred and paid for by Lessee and/or a Mortgagee in connection with the initial construction:

- a. Land development work.
- b. Construction of the Improvements and installation of the required fixtures, furniture, machinery and equipment.
- c. Building permits and entitlement fees not paid for or reimbursed by Agency.
- d. Premiums for fire, public liability and property damage insurance during construction and on bonds securing work against liens for labor and materials.
- e. Real estate taxes and assessments upon the Site and Improvements or the Improvements during the period of construction.
- f. Interest on construction loans prior to the opening of the Theater.
- g. Fees for architects, engineers, accountants and attorneys.
- h. Purchasing fees paid to third parties not affiliated with Lessee in connection with the purchase of furniture, fixtures and equipment.

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- i. Development fees paid to government agencies.
- j. Charges and premiums for searching and insuring title.
- k. Out-of-pocket costs incurred by Lessee in connection with construction financing, including, without limitation, commitment fees, mortgage broker fees, standby fees and fees of a like nature, printing and duplicating expenses, documentary transfer tax stamps, mortgage taxes, recording charges.
- l. Customary and reasonable pre-opening expenses for the Theater.
- m. Costs of required studies, reports and inspections.
- n. Fee for management and construction services comparable to the amount included in project pro forma previously provided Agency by Lessee
- o. Expenditures by Lessee required to satisfy any other obligation of Lessee under the Agreement.

4. The amount of any loan secured by a Mortgage prior to the issuance of a Certificate of Completion shall not exceed Project Costs.

5. Lessee may refinance the property after the issuance of a Certificate of Completion by Agency, provided that Lessee submits evidence satisfactory to Agency demonstrating that the loan as refinanced is fully subordinate to Agency's fee title and all of Agency's rights under this Lease and obtains the prior written consent of Agency to the refinancing, which consent shall be granted provided that the Mortgage is given to a responsible bona fide institutional lender.

6. Any Mortgage is to be given only to a responsible bona fide institutional lender. For the purposes hereof the term "institutional lender" shall mean any bank, savings and loan association, thrift and loan association, savings bank, pension fund, insurance company, real estate investment trust or any other comparable or similar entity authorized to make loans in the State of California.

7. All rights acquired by said Mortgagee under said Mortgage shall be subject to each and all of the covenants, conditions and restrictions set forth in this Lease, and to all rights of Agency thereunder, none of which covenants, conditions and restrictions is or shall be waived by Agency by reason of the giving of such Mortgage, except as expressly provided in this Section 900. Notwithstanding any foreclosure of any such Mortgage, Lessee shall remain liable for the payment of the accrued but unpaid rent reserved in this Lease while Lessee remains in possession of the Site and Improvements.

8. Promptly upon the recording of a Mortgage, Lessee shall, at its own expense, cause to be recorded in the Official Records of Los Angeles County a written request executed and acknowledged by Agency for a copy of all notices of default and all notices of sale under the Mortgage as provided by applicable law. Inclusion of a request for notice having the effect described above in the body of the recorded Mortgage shall constitute compliance with this provision.

(b) If Lessee encumbers its leasehold estate by way of a Mortgage in accordance with this Section 900, and if such Mortgagee has registered its name and address in writing with Agency, then this Lease shall not be terminated or canceled on account of any default by Lessee in the performance of the terms, covenants or conditions hereof until Agency shall have complied with the provisions of Sections 902 through 905 as to the Mortgagee's rights to cure and to obtain a new lease.

B. [§ 902] Rights and Obligations of Leasehold Mortgagees

If Lessee, or Lessee's successors or assigns, shall mortgage the leasehold interest herein demised, then, as long as any such Mortgage shall remain unsatisfied of record, the following provisions shall apply:

1. If the holder of any Mortgage on the leasehold interest herein demised shall register with Agency its name and address in writing, no notice of default by Agency to Lessee shall be deemed to have been duly given unless and until a copy thereof has been mailed to the Mortgagee by registered or certified mail at the address registered with Agency.

2. In the event Lessee shall be in default hereunder, the Mortgagee shall, at any time prior to the termination of this Lease (which termination can occur only after notice to Mortgagee and an opportunity to cure in accordance with this Article IX) and without payment of any penalty, have the right, but not the obligation, to pay all of the rents due hereunder, to effect any insurance, to pay any taxes and assessments (subject to Agency's right to cure under Section 605 of this Lease), to make any repairs and improvements, to do any other act or thing required or permitted of Lessee hereunder, and to do any other thing which may be necessary and proper to be done in the performance and observation of the agreements, covenants and conditions hereof to prevent termination of this Lease. All payments so made and all things so done and performed by such Mortgagee shall be accepted by Agency and shall be effective to prevent a termination of this Lease as the same would have been if made, done and performed by Lessee instead of such Mortgagee. Lessee hereby constitutes and appoints the Mortgagee as Lessee's agent and attorney in fact with full power coupled with an interest, in Lessee's name, place and stead, and at Lessee's cost and expense, to enter upon the Site and Improvements and the Improvements, and perform all acts required to be performed herein. No Mortgagee shall have the right to take or perform any action hereunder, under its leasehold Mortgage or otherwise which might result in any detriment to the rights of a prior leasehold Mortgagee with respect to the same lease or leasehold Site.

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3. While any such Mortgage remains unsatisfied of record, and an event or events shall occur which shall entitle Agency to terminate this Lease, Agency shall forbear from terminating this Lease if and to the extent that such forbearance is required under Section 905 of this Lease.

4. If the holder of a Mortgage obtained in accordance with Section 901 of this Lease acquires the leasehold estate created hereunder or otherwise acquires possession of the Site and Improvements pursuant to available legal remedies, Agency will look to such holder to perform the obligations of Lessee only from and after the date of foreclosure or possession and will not hold such holder responsible for the past actions or inactions of the prior Lessee. Notwithstanding the foregoing, (A) on and after the date of such foreclosure or possession, such holder shall be required to perform and abide by each and all of the obligations of Lessee under this Lease and (B) on and after the date of such foreclosure or possession, Agency shall have the right to enforce each and all of the provisions of this Lease against such holder.

5. The foreclosure of a Mortgage obtained in accordance with Section 901 of this Lease, or any sale thereunder, whether by judicial proceedings or by virtue of any power of sale contained in such Mortgage, or any conveyance of the leasehold estate created hereby from Lessee to the holder of any such Mortgage through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof shall not require the consent or approval of Agency or constitute a default under this Lease, and upon such foreclosure, sale or conveyance Agency shall recognize the Mortgagee, or any other foreclosure sale purchaser, as the new Lessee hereunder. In the event that such Mortgagee becomes the Lessee hereunder, or in the event that the leasehold estate created hereunder is purchased by any other party at a foreclosure sale or by any other lawful means, such Mortgagee, or such other foreclosure sale purchaser, shall be responsible for the performance of the obligations of Lessee under this Lease only for the period of time that the Mortgagee or such other foreclosure sale purchaser remains Lessee hereunder, and such Mortgagee or foreclosure sale purchaser shall thereafter have the right to assign this Lease without need to obtain the approval of Agency. Notwithstanding anything to the contrary herein: (A) as a precondition to any Mortgagee, foreclosure sale purchaser or other person obtaining the rights of Lessee hereunder, such person shall first be required to expressly assume each and all of the obligations of Lessee under this Lease pursuant to a written document in form and substance satisfactory to Agency; (B) such new Lessee shall have no right to construct any Improvements on the Site unless and until such new Lessee has submitted evidence satisfactory to Agency that such new Lessee has the financial capability and overall competence to perform the obligations of Lessee hereunder, provided that this clause (B) shall not require submission of such evidence if such new Lessee is the holder of a Mortgage obtained in accordance with Section 901 of this Lease but shall require submission of such evidence if such new Lessee is the successor of such a holder; and (C) Agency shall have the right of prior written approval over any prospective operator or manager (including but not limited to such new Lessee) of the Theater uses on the Site and Improvements in accordance with Section 502 of this Lease.

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6. Following a foreclosure, in the event that the holder of any Mortgage obtained in accordance with Section 901 of this Lease remedies or causes to be remedied, within the times specified in Section 905 of this Lease, all monetary defaults of Lessee and all non-monetary defaults of Lessee which by their nature are capable of being remedied by such Mortgagee, such Mortgagee shall have the right within thirty (30) days after all such defaults are remedied to request that Agency promptly execute and deliver to such Mortgagee, a new lease of the Site (naming such Mortgagee as Lessee) for the remainder of the Term of this Lease with the same agreements, covenants and conditions (except for any requirements which have been fulfilled prior to execution of the Lease) as are contained herein and with priority equal to that hereof, along with a Quitclaim Deed first approved in writing by Agency as to form and substance; provided, however, that if more than one Mortgagee requests such a new lease, the Mortgagee holding the most senior Mortgage shall prevail; and provided, further, that Agency shall not be required to execute such new lease earlier than concurrently with the execution of such new lease by such Mortgagee. Agency shall prepare such new lease at the expense of such Mortgagee, and all costs incurred by Agency in preparing such new lease (including attorneys' fees) shall be paid to Agency by such Mortgagee prior to the execution by Agency of such new lease. The execution of a new lease by Agency pursuant to this paragraph 6 shall automatically and immediately terminate this Lease. Although not necessary to effect the termination of this Lease, the former Lessee shall, upon Agency's execution of such new lease, execute any documents and perform any acts which may be reasonably necessary to evidence the termination of this Lease. Upon Agency's execution and delivery of such new lease, Agency, at the expense of the new Lessee, shall take such action as shall be necessary to remove the former Lessee from the Site and Improvements. Notwithstanding any provision herein, Agency shall not be required to forbear from terminating this Lease except to the extent required by Section 905 hereof and Agency shall not be required to execute a new lease after the termination of this Lease in accordance with the provisions hereof.

7. Anything herein contained to the contrary notwithstanding, the provisions of this Section 902 shall inure only to the benefit of the holders of Mortgages and, with respect to paragraph 5. only, other persons that acquire the leasehold interest created hereunder pursuant to a foreclosure, sale or conveyance of the type described in paragraph 5.

C. [§ 903] Agency's Forbearance and Right to Cure Defaults on Leasehold Mortgages

D. [§ 904] Notice

In the event that Lessee's interest under this Lease is subject to any Mortgage, Agency will simultaneously give to Mortgagee at such address as is specified by the Mortgagee in accordance with Section 902 hereof, a copy of each notice of default from Agency to Lessee hereunder at the time of giving such notice or communication to Lessee. Agency will not exercise any right, power or remedy with respect to any default hereunder,

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and no notice to Lessee of any such default and no termination of this Lease in connection therewith shall be effective, unless Agency has given to Mortgagee written notice or a copy of its notice to Lessee of such default or any such termination, as the case may be.

E. [§ 905] Forbearance by Agency

During the continuance of any Mortgage obtained in accordance with Section 901 of this Lease and until such time as the lien of such Mortgage has been extinguished:

(A) Agency shall not agree to any mutual termination nor accept any surrender of this Lease, nor shall Agency consent to any amendment or modification of this Lease, without the prior written consent of the Mortgagee.

(B) Notwithstanding any default by Lessee in the performance or observance of any agreement, covenant or condition of this Lease on the part of Lessee to be performed or observed, Agency shall have no right to terminate this Lease unless an event of default shall have occurred and be continuing, Agency shall have given such Mortgagee written notice of such event of default, and such Mortgagee shall have failed to remedy such default, or caused such default to be deemed remedied, within the times specified in (i) and (ii) below.

(i) Should any event of default under this Lease occur, any Mortgagee shall have ninety (90) days after receipt of written notice from Agency setting forth the nature of such event of default, and, if the default is such that possession of the Site is reasonably necessary to remedy the default, a reasonable time after the expiration of such ninety (90) day period, within which to remedy such default; provided, however that Agency shall not be required to forbear beyond such initial ninety (90) day period unless (a) the Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Lease within such ninety (90) day period and shall continue to pay currently such monetary obligations as and when the same are due, and (b) such Mortgagee shall have acquired Lessee's leasehold estate created hereby or commenced foreclosure or other appropriate proceedings in the nature thereof within such ninety (90) day period, or prior thereto, and shall be diligently prosecuting any such proceeding. Agency agrees that all payments so made and all things so done and performed by such Mortgagee shall be accepted by Agency and shall be effective to prevent a termination of this Lease as the same would have been if made, done and performed by Lessee instead of such Mortgagee.

(ii) Any event of default under this Lease which in the nature thereof cannot be remedied by a Mortgagee shall be deemed to be remedied if the Mortgagee does all of the following: (a) within ninety (90) days after receiving written notice from Agency setting forth the nature of an event of default, or prior thereto, the Mortgagee shall have acquired Lessee's leasehold estate created hereby or shall have commenced foreclosure or other appropriate proceedings, (b) Mortgagee shall diligently prosecute any such proceedings to completion, (c) within the ninety (90) day period referred to in (a)

above, Mortgagee shall have fully cured any default in the payment of all monetary obligations of Lessee hereunder and any non-monetary obligations which do not require possession of the Site and Improvements, and (d) after gaining possession of the Site, Mortgagee shall perform and abide by each and all of the obligations of Lessee under this Lease as and when the same are due; provided, however, that Mortgagee shall not be required to cure any default which occurs prior to the date on which Mortgagee obtains possession of the Site and which by its nature cannot be cured by such Mortgagee.

(C) In the event that Mortgagee is prohibited by any process or injunction issued by any court of competent jurisdiction or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in paragraph (B) of this Section 905 for commencing and prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition. Notwithstanding anything to the contrary herein, Agency shall in no event be required to forbear hereunder unless Mortgagee shall within ninety (90) days after the giving of notice by Agency pay all moneys due and in respect of which there exists a monetary event of default.

F. [§ 905.1] Conditions Precedent to Mortgagee Rights and Agency Forbearance

Agency shall not be required to comply with Sections 902 through 905 of this Lease with respect to any Mortgage, unless and until a true copy of the original thereof bearing the date and book and page of recordation thereof, and a certified copy of the original note secured by such Mortgage has been delivered to Agency together with written notice of the address of the Mortgagee to which notices may be sent; and in the event of an assignment of such Mortgage, such assignment shall not be binding upon Agency unless and until a certified copy thereof bearing the date and book and page of recordation together with written notice of the address of the assignee thereof to which notices may be sent, have been delivered to Agency.

G. [§ 906] Performance on Behalf of Lessee

In the event that Lessee shall fail to make any payment or perform any act required hereunder to be made or performed by Lessee, then Agency or Mortgagee may, but shall be under no obligation to, after such notice to Lessee, if any, as may be reasonable under the circumstances, make such payment or perform such act with the same effect as if made or performed by Lessee. Nothing herein shall limit the right of Mortgagee to take action or make a payment if permitted under its Mortgage. Entry by Agency or Mortgagee upon the Site and Improvements for such purpose shall not waive or release Lessee from any obligation or default hereunder (except in the case of any obligation or default which shall have been fully performed or cured by Mortgagee). Lessee shall reimburse Agency (with interest at the Interest Rate) or Mortgagee (with interest as provided in the Mortgage)

for all sums so paid by Agency or Mortgagee and all costs and expenses incurred by Agency and Mortgagee in connection with the performance of any such act.

H. [§ 907] Nonmerger

There shall be no merger of this Lease, or of the leasehold estate created thereby, with the fee estate in and to the Lease Site and Improvements by reason of the fact that this Lease, or the leasehold estate created thereby, or any interest in either thereof, may be held directly or indirectly by or for the account of any person who shall own the fee estate in and to the Lease Site and Improvements, or any portion thereof, and no such merger shall occur unless and until all persons at the time having any interest in this Lease or the leasehold estate, including the leasehold mortgagee and the holder of any mortgage upon the fee estate in and to the Lease Site and Improvements shall join in a written instrument effecting such merger.

I. [§ 908] Agency Cooperation

Agency covenants and agrees that it will act and cooperate with Lessee in connection with Lessee's right to grant leasehold mortgages as herein above provided. At the request of Lessee or any proposed or existing leasehold mortgagee, Agency shall within a reasonable time execute and deliver (i) any documents or instruments reasonably requested to evidence, acknowledge and/or perfect the rights of leasehold mortgagees as herein provided; and (ii) an estoppel certificate certifying the status of this Lease and Lessee's interest herein and such matters as are reasonably requested by Lessee or such leasehold mortgagees. Such estoppel certificate shall include, but not be limited to, certification if true by Agency that (a) this Lease is unmodified and in full force and effect (or, if modified, state the nature of such modification and certify that this Lease, as so modified, is in full force and effect), (b) all rents currently due under the Lease have been paid, (c) there are not, to Agency's knowledge, any uncured defaults on the part of Lessee under the Lease or facts, acts or omissions which with the giving of notice or passing of time, or both, would constitute a default. Any such estoppel certificate may be conclusively relied upon by any leasehold mortgagee or assignee of Lessee's interest in this Lease.

J. [§ 909] Enforceability

The rights granted herein to a leasehold mortgagee shall be enforceable only by such leasehold mortgagee. In the event any action or proceeding is brought to enforce or interpret the provisions hereof or to seek damages or performance or declare the rights of the parties hereto or such leasehold mortgagee, the prevailing party including such leasehold mortgagee, if prevailing, shall be entitled to attorneys' fees, costs and expenses.

K. [§ 910] No Subordination of Agency's Interests

Agency's interest in the Site under this Lease is a vested landlord's reversionary interest and not just a contractual obligation of Lessee. Notwithstanding anything which is

or appears to be to the contrary in this Lease, Lessee shall not encumber Agency's interest under this Lease or Agency's fee interest in the Site by any mortgage, deed of trust, lien, security instrument or financing conveyance of any kind whatsoever.

L. [§ 911] Certificates to Lenders

Lessee and Agency, as the case may be, shall execute, acknowledge and deliver to any lender, promptly upon request, its certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which all rent due hereunder has been paid, (c) whether there are then existing any charges, offsets, or defenses against the enforcement by Agency of any agreement, covenant or condition hereof on the part of Lessee to be performed and observed (and, if so, specifying the same), and (d) whether there are then existing any defaults by Lessee in the performance or observance by Lessee of any agreement, covenant or condition hereof on the part of Lessee to be performed or observed and whether any notice has been given to Lessee of any default which has not been cured (and, if so, specifying the same). Any such certificate may be relied upon by a prospective purchaser, mortgagee, trustee or beneficiary under a deed of trust which encumbers this Lease.

M. [§ 912] Obligations of Mortgagee Upon Acquisition of Leasehold Estate

If the holder of a Mortgage obtained in accordance with Section 901 of this Lease acquires the leasehold estate created hereunder or otherwise acquires possession of the Site and Improvements pursuant to available legal remedies, Agency will look to such holder to perform the obligations of Lessee hereunder only from and after the date of foreclosure or possession and will not hold such holder responsible for the past actions or inactions of the prior Lessee. Notwithstanding the foregoing, (A) on and after the date of such foreclosure or possession, such holder shall be required to perform and abide by each and all of the obligations of Lessee under this Lease and (B) on and after the date of such foreclosure or possession, Agency shall have the right to enforce each and all of the provisions of this Lease against such holder. Nothing herein is intended or shall be construed to limit or restrict Agency's rights and remedies against any prior Lessee, provided that Agency's pursuit of such remedies shall not affect the rights of the holder of any Mortgage obtained in accordance with Section 901 of this Lease to the use, enjoyment or operation of the Site and Improvements.

X. [§ 1000] INDEMNIFICATION AND INSURANCE

A. [§ 1001] Indemnification

Throughout the Term of this Lease, Lessee agrees to and shall defend, indemnify and hold harmless Agency, the City and their officers, employees, agents, contractors and consultants from and against all claims, liability, loss, damage, costs or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any

person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur on or adjacent to the Site and which shall be directly or indirectly caused by or based on Agency's ownership of or interest in the Site or any portion thereof or any Improvements thereon or the condition of the Site or any portion thereof or any Improvements thereon or Lessee's rehabilitation, development, construction, use or operation of the Site or any portion thereof or any Improvements thereon or any of Lessee's activities under this Lease, whether such actions or inactions thereof be by Lessee or anyone directly or indirectly employed or contracted with by Lessee and whether such damage or injury shall accrue or be discovered before or after the termination of this Lease. Lessee shall not be responsible for (and such indemnity shall not apply to) property damage or bodily injury caused by entry onto the Site and Improvements by Agency, or its designated employees or agents, pursuant to various provisions of this Lease, and/or to the extent caused by the willful misconduct or active negligence of Agency or its designated employees or agents.

B. [§ 1002] Required Insurance

During the Term of this Lease, Lessee at its sole cost and expense shall:

- I. Keep or cause to be kept a policy or policies of insurance against loss or damage to the Improvements on the Site, resulting from fire, windstorm, hail, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies. Such insurance shall be maintained in an amount not less than one hundred percent (100%) of the full insurable value of the Improvements as defined herein in Section 1003.

2. Maintain or cause to be maintained public liability insurance, to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever, resulting directly or indirectly from any act or activities of Lessee or under Lessee's control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person caused directly or indirectly by or from the acts or activities in connection with the Site and Improvements of Lessee or its invitees and sublessees, or any person acting for Lessee, or under its control or direction. Any such property damage and personal injury insurance maintained by Lessee at any time during the Term of this Lease shall name Agency, City, and their respective officers, employees and consultants, as additional insureds and shall also provide for and protect Agency and City against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance shall be maintained in full force and effect during the entire Term of this Lease

in an amount not less than Ten Million Dollars (\$10,000,000) combined single limit as of the Effective Date of Lease, which minimum amount of coverage shall escalate on the fifth anniversary of the Effective Date of Lease and once every five years thereafter in proportion to the escalation, if any, during such period in the Consumer Price Index. Lessee agrees that provisions of this paragraph 3. as to maintenance of insurance shall not be construed as limiting in any way the extent to which Lessee may be held responsible for the payment of damages to persons or property resulting from Lessee's activities, or activities of its invitees and sublessees or the activities of any other person or persons for which Lessee is otherwise responsible.

3. Maintain or cause to be maintained worker's compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such worker's compensation insurance shall cover all persons employed by Lessee in connection with the Site and Improvements, and shall cover full liability for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Site and Improvements, or the operation thereof by Lessee.
4. In the event that the holder of a Mortgage obtained in accordance with Section 901 of this Lease which has registered its name and address with Agency acquires the leasehold interest created by this Lease, such Mortgagee shall have the right to self-insure with respect to the risks specified in this Section 1002 if such Mortgagee is an institutional lender.

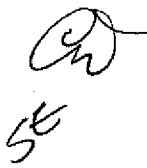
C. [§ 1003] Definition of "Full Insurable Value"

The term "full insurable value" as used in Section 1002 shall mean the actual replacement cost (excluding the cost of excavation, foundation and footings below the ground level and without deduction for depreciation) of the Improvements, including the cost of construction of the Improvements, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, Lessee shall cause the full insurable value to be determined from time to time by the insurer or by a qualified expert mutually acceptable to Agency and Lessee, not less often than once every three years.

D. [§ 1004] General Insurance Provisions

All insurance provided under Section 1002 of this Lease shall be primary insurance for the benefit of Lessee, Agency, and City. Said insurance shall also be for the benefit of the leasehold mortgagee, if any.

All insurance provided under Section 1002 shall be periodically reviewed by the parties for the purpose of mutually increasing or decreasing the minimum limits of such insurance, from time to time, to amounts which may be reasonable and customary for similar facilities of like size and operation.

The insurance to be provided by Lessee may provide for a deductible or self-insured retention of not more than ~~TWENTY-FIVE THOUSAND~~ Dollars (\$~~25,000.00~~), with such amount to increase at such times as Agency may require increases in the policy limits as set forth above; provided that the percentage increase in the deductible or self-insured retention shall not exceed the percentage increase in the Consumer Price Index since the last requested adjustment; and further provided that Lessee may maintain such higher deductibles or self-insured retention as may be approved in writing by the Executive Director of Agency or his designee. In the event such insurance does provide for deductibles or self-insured retention, Lessee agrees that it will fully protect Agency, its boards, officers, and employees in the same manner as these interests would have been protected had the policy or policies not contained the deductible or retention provisions. 

All insurance herein provided for under Section 1002 shall be effected under policies issued by insurers of recognized responsibility licensed or permitted to do business in the State of California, subject to the reasonable approval of Agency's Executive Director.

Any insurance required to be maintained by Lessee pursuant to Section 1002 may be taken out under a blanket insurance policy or policies covering other premises or properties, and other insureds in addition to the parties hereto; provided, however, that any such policy or policies of blanket insurance shall specify therein, or supplemental written certification from the insurers under such policies shall specify, the amount of insurance irrevocably allocated to the coverage to be provided under Section 1002 and provided further, that in all other respects, any such blanket policy shall comply with the other provisions of Section 1002.

All policies or certificates of insurance shall provide that such policies or certificates shall not be canceled or materially changed without at least thirty (30) days prior written notice to Agency.

Copies of such policies, or certificates thereof subject to the reasonable approval of Agency legal counsel, shall be deposited with Agency together with appropriate evidence of payment of the premiums therefor; and, at least thirty (30) days prior to expiration of any such policy, copies of renewal policies shall be so deposited.

E. [§ 1005] Failure to Maintain Insurance

If Lessee fails or refuses to procure or maintain insurance as required by this Lease, Agency shall have the right, at Agency's election, and without notice, to procure and maintain such insurance. The premiums paid by Agency shall be treated as additional rent due from Lessee, to be paid on the first day of the month following the date on which the premiums were paid. Agency shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

F. [§ 1006] Disposition of Insurance Proceeds Resulting from Loss or Damage to Improvements

(a) Subject to the provisions of paragraph (b) below, proceeds of insurance with respect to loss or damage to the Improvements to be maintained and repaired by Lessee during the term of this Lease shall be payable, under the provisions of the policy of insurance, to Lessee.

(b) Notwithstanding the foregoing paragraph, within the period during which there is an outstanding Mortgage obtained in accordance with Section 901 of this Lease on all or part of the Site and Improvements, said proceeds shall be made payable as set forth in Sections 708 and 709 of this Lease.

(c) In the event this Lease is terminated by mutual agreement of Agency and Lessee, and the Improvements are not repaired, restored or reconstructed, the insurance proceeds shall be applied first to any payments due under this Lease from Lessee to Agency, second to restore the Site to a neat and clean condition, and finally any excess shall be paid to Lessee. Provided, however, that within any period when there is an outstanding mortgage or deed of trust upon the Improvements, such proceeds shall be applied first to discharge the debt secured by the mortgage and then for the purposes and in the order set forth above in this paragraph.

(d) Lessee hereby waives any claim against Agency and City for any loss covered by insurance of the type specified in Section 1002; and Lessee, shall obtain from its insurance company or companies a waiver of any right of subrogation that it may have against Agency and City.

XI. [§ 1100] EMINENT DOMAIN

A. [§ 1101] Lessee to Give Notice

In case of a Taking of all or any part of the Site and Improvements, or the commencement of any proceedings or negotiations which might result in such Taking, Lessee shall promptly give written notice thereof to Agency generally describing the nature and extent of such Taking or the nature of such proceedings or negotiations and the nature and extent of the Taking which might result therefrom, as the case may be.

(c) Net Awards and Payments received on account of a Taking for temporary use shall initially be payable to Lessee.

(d) Net Awards and Payments received on account of a Total Taking shall be allocated as follows:

First: There shall be paid to each Mortgagee an amount equal to the sum of any unpaid principal amount of the indebtedness secured by the Mortgage, if any, and any interest accrued thereon, all as of the date on which such payment is made; provided, however, that each such Mortgagee shall only be paid to the extent of its security in the applicable portion which is the subject of the taking.

Second: To Lessee and Agency as their respective interests may appear in the Site and the Improvements; provided, that any payment to a Mortgagee or pursuant to the preceding paragraph shall be charged against Lessee's interest.

XII. [§ 1200] DEFAULTS, REMEDIES AND TERMINATION

A. [§ 1201] Defaults - General

(a) Subject to the extensions of time set forth in Section 1314 of this Lease, failure or delay by either party to perform any term or provision of this Lease constitutes a default under this Lease. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with reasonable diligence and, in any event, for monetary defaults within thirty (30) days of such failure or delay, and for non-monetary defaults within the time reasonably required for cure with reasonable diligence, not to exceed one hundred and eighty (180) days plus any period or periods of enforced delay required by Section 1314 of this Lease (the "Cure Period").

(b) The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until the expiration of the applicable Cure Period. Agency's exercise of its remedies under this Article XII shall be subject to the provisions of Article IX of this Lease. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

(c) Except as otherwise expressly provided in this Lease, any failure or delay by either party in asserting any of its remedies or rights as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

B. [§ 1202] Legal Actions1. [§ 1203] Institution of Legal Actions

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Lease. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court in that county, or in the Federal District Court in the Central District of California.

2. [§ 1204] Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Lease.

3. [§ 1205] Acceptance of Service of Process

In the event that any legal action is commenced by Lessee against Agency, service of process on Agency shall be made by personal service upon the Chairman or Executive Director of Agency, or in such other manner as may be provided by law.

In the event that any legal action is commenced by Agency against Lessee, service of process on Lessee shall be made by personal service upon an officer of Lessee and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

4. [§ 1206] Attorneys' Fees and Court Costs

In the event that either Agency or Lessee shall bring or commence an action to enforce the terms and conditions of this Lease or to obtain damages against the other party arising from any default under or violation of this Lease, then the prevailing party shall be entitled to reasonable attorney's fees and costs incurred in connection with such action prior to and at trial and on any appeal therefrom.

C. [§ 1207] Rights and Remedies are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Lease, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

D. [§ 1208] Damages

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5. Maintain and operate the Site and Improvements without terminating this Lease.
6. Terminate this Lease pursuant to Section 1211 hereof, by written notice to Lessee of its intention to do so.

(b) Agency reserves and shall have the right at all reasonable times to enter the Site and the Improvements for the purpose of viewing and ascertaining the condition of the same, or to protect its interests in the Site and the Improvements or to inspect the operations conducted thereon, subject to the limitations and requirements for Agency rights of access set forth in Section 405 of this Lease. Any such entry shall be made only after reasonable notice to Lessee. In the event that such entry or inspection by Agency discloses that the Site or the Improvements are not in a decent, safe, and sanitary condition, are damaged, or in disrepair, Agency shall have the right, after thirty (30) days written notice to Lessee and Lessee's failure to cure the problem within the Cure Period, to have any necessary maintenance or repair work done for and at the expense of Lessee and Lessee hereby agrees to pay promptly any and all costs incurred by Agency in having such necessary maintenance or repair work done in order to keep the Site and the Improvements in a decent, safe and sanitary condition.

(c) The rights reserved in this Section 1210 shall not create any obligations on Agency or increase obligations imposed on Agency elsewhere in this Lease, and shall not defeat, render invalid or limit the rights or interests expressly provided in this Lease for the protection of leasehold mortgagees.

G. [§ 1211] Remedies and Rights of Termination – Agency

(a) In the event that at any time during the Term of this Lease, and in violation of this Lease, Lessee shall:

1. Fail to commence and/or complete the construction of the Improvements as required by this Lease or within the time required by this Lease;
2. Abandon or substantially suspend construction of the Improvements as required by this Lease prior to the completion thereof and issuance of a Certificate of Completion therefor by Agency;
3. Use the Site and Improvements for any purpose other than those provided for in this Lease or fail to use and maintain the Site and Improvements in accordance with Section 501 of this Lease;
4. Fail or refuse to pay to Agency when due the applicable rents and other sums required by this Lease to be paid by Lessee, including but

not limited to payments required under Sections 300 et seq. of this Lease;

5. Fail or refuse to pay when due any taxes, assessments or other Impositions as required by this Lease;
6. Except as permitted under this Lease, make or suffer to be made any voluntary or involuntary conveyance, assignment, sublease or other Transfer of the leasehold interest in the Site and Improvements, or any part thereof, or of the rights of Lessee under this Lease;
7. Commit or suffer to be committed any waste or impairment of the Site or the Improvements, or any part thereof;
8. Alter the Improvements in any manner except as expressly permitted by this Lease;
9. Fail to maintain insurance as required by this Lease;
10. Except as permitted under this Lease, Fail to make full repair and restoration of the Improvements in the event of damage or destruction;
11. Engage in any financing except as permitted by the terms of this Lease, or any other transaction creating any mortgage on the Site, or placing or suffering to be placed thereon any lien or other encumbrance, or suffering any levy or attachment to be made thereon;
12. Voluntarily file or have filed against it any petition under any bankruptcy or insolvency act or law, or be adjudicated a bankrupt, or make a general assignment for the benefit of creditors;
13. Fail to pay when due any payment or charge or otherwise default on any loan secured by a leasehold mortgage permitted by this Lease;
14. Abandon or surrender possession of the Site, or Lessee's interest therein;
15. Fail to perform any of Lessee's Hazardous Materials covenants; or
16. Fail to perform or comply with any other material term or provision hereof,

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and any such failure or violation shall not be cured or remedied within the applicable Cure Period; then, in such event, subject to the provisions of Article IX of this Lease running in favor of any Mortgagee, Agency may, at its option and in addition to any other remedy provided for in this Lease, terminate the Lease and revert in Agency the leasehold interest theretofore transferred to Lessee, by written notice to Lessee of its intention to do so.

(b) Upon termination of this Lease pursuant to this Section 1211 it shall be lawful for Agency to re-enter and repossess the Site without process of law, and Lessee, in such event, does hereby waive any demand for possession thereof, and agrees to surrender and deliver peaceably to Agency immediately upon such termination in good order, condition and repair, except for reasonable wear and tear. Upon such termination title to all Improvements on the Site specified in this Lease to remain in Agency, shall remain in Agency.

(c) No ejectment, re-entry or other act by or on behalf of Agency shall constitute a termination unless Agency gives Lessee notice of termination in writing. Such termination shall not relieve or release Lessee from any obligation incurred pursuant to this Lease prior to the date of such termination.

H. [§ 1212] Additional Remedies and Rights of Termination – Lessee

The Lessee at its option may terminate this Lease if Lessee discovers the presence of Hazardous Materials or other physical condition of the Site, or patent or latent defect as to the soil or geology or presence of known or unknown faults, on, in or under the Site which results in the infeasibility of the rehabilitation and development of the Site, or which costs more than the Remediation Threshold Amount, and so notifies the Agency within thirty (30) days of the Lessee's discovery of the presence of such Hazardous Materials or Site conditions, and Agency does not agree within such 30 day notice period to pay for the amount by which such costs arising from the presence of such Hazardous Materials exceeds the Remediation Threshold.

In the event of such termination the Agency shall return all funds deposited with the Agency by the Lessee and neither the Agency nor the Lessee shall have any further rights against or liability to the other with respect to the Site or any improvements to be developed or constructed thereon or any matter from which the right to terminate arose.

For purposes of this Section 1212 the "Remediation Threshold Amount" shall mean an amount equal to Five Hundred Thousand Dollars (\$500,000), adjusted upward as of the first August 1st after the issuance by the Agency of the Certificate of Completion for the Site, and each August 1st thereafter as provided herein ("Adjustment Dates"). Such annual adjustment shall be calculated upon the basis of the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index of Urban Wage Earners and Clerical Workers, Los Angeles - Long Beach - Anaheim Average, All Items (1982-84 = 100) (the "Index"). The Index published and

in effect ninety days prior to the effective date of this Agreement shall be considered the "Base Year Index." On each Adjustment Date the Remediation Threshold Amount shall be adjusted to equal the product obtained by multiplying (i) \$100,000 and (ii) a fraction, the numerator of which is the Index published and in effect ninety (90) days preceding the Adjustment Date, and the denominator of which is the Base Index. In no event shall the Remediation Threshold Amount on any Adjustment Date be reduced, and in no event shall the Remediation Threshold Amount be adjusted on any Adjustment Date by more than an annual amount of three percent (3%).

XIII. [§ 1300] GENERAL PROVISIONS

A. [§ 1301] Notices, Demands and Communications between the Parties

Formal notices, demands and communications between Agency and Lessee shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of Agency and of Lessee as designated in Section 108 and Section 109 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section. Sufficient notice may also be given by personal delivery or reputable overnight delivery service in lieu of mail if reasonably adequate records are maintained of such service in the ordinary course of business by the person or entity effecting such service.

B. [§ 1302] Time of Essence

Time is of the essence with respect to the performance by the Agency and the Lessee of each of the covenants and agreements contained in this Lease.

C. [§ 1303] Conflict of Interests

(a) No member, official or employee of Agency shall have any personal interest, direct or indirect, in this Lease, nor shall any such member, official or employee participate in any decision relating to the Lease which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

(b) Lessee warrants that it has not paid or given, and will not pay or give, any officer or employee of Agency or City any money or other consideration for obtaining this Lease.

D. [§ 1304] Nonliability of Agency Officials and Employees

No member, official or employee of Agency shall be personally liable to Lessee, or any successor in interest, in the event of any default or breach by Agency or any for any

amount which may become due to Lessee or successor or on any obligations under the terms of this Lease.

E. [§ 1305] Right to Rename Theater

Lessee shall have the right to rename the Theater located on the Site; provided however, that if there is a renaming, Lessee shall mention "Culver City" in connection with the Theater in its promotional material.

F. [§ 1306] No Partnership

Neither anything in this Lease contained, nor any acts of Agency or Lessee shall be deemed or construed by any person to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between Agency and Lessee. Lessee agrees to indemnify, hold harmless and defend Agency from any claim made against the Agency arising from a claimed relationship of partnership or joint venture between the Agency and the Lessee with respect to the development, operation, maintenance or management of the Site or the Improvements developed thereon by the Lessee.

G. [§ 1307] Compliance with Law

Except as otherwise expressly provided in the Agreement, Lessee agrees, at its sole cost and expense, to comply and secure compliance with all the applicable and valid requirements now in force, or which may hereafter be in force, of all municipal, county, State and federal authorities, pertaining to the Site and Improvements, as well as operations conducted thereon, and to faithfully observe and secure compliance with, in the use of the Site and Improvements, all applicable county and municipal ordinances and state and federal statutes now in force or which may hereafter be in force, including all laws prohibiting discrimination or segregation in the use, sale, lease or occupancy of the property.

H. [§ 1308] Surrender of Property

Except as otherwise expressly provided in this Lease, upon the expiration or termination of this Lease pursuant to the terms hereof, it shall be lawful for Agency to reenter and repossess the Site and Improvements without process of law, and Lessee, in such event, does hereby waive any demand for possession thereof, and agrees to surrender and deliver the Site and Improvements peaceably to Agency immediately upon such expiration or termination in good order, condition and repair, except for reasonable wear and tear.

I. [§ 1309] Severability

If any provision of this Lease shall be adjudged invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of this Lease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

J. [§ 1310] Binding Effect

This Lease, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

K. [§ 1311] Assignment or Sublease to City; Right of First Refusal

1. Agency shall at all times have the right to assign and/or convey all or a portion of its interest in the Site and/or in the Lease to the City.

L. [§ 1312] Captions

The captions contained in this Lease are merely a reference and are not to be used to construe or limit the text.

M. [§ 1313] No Recording of this Lease

This Lease shall not be recorded. Pursuant to the Agreement, a memorandum of this Lease will be recorded in the Official Records of Los Angeles County.

N. [§ 1314] Enforced Delay in Performance for Causes Beyond Control of Party

In addition to specific provisions of this Lease, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to causes beyond the control and without the fault of the party claiming an extension of time to perform, including war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor or supplier; acts or failure to act of the City or any other public or governmental agency or entity (other than any act or failure to act of Agency, which shall not excuse performance by Agency). An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause. If, however, notice by the party claiming such extension is sent to the other party more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice. Times of performance under this Lease may also be extended in writing by Agency and Lessee.

O. [§ 1315] Entire Agreement, Waivers and Amendments

LEASE AGREEMENT

(a) This Lease is executed in three (3) duplicate originals, each of which is deemed to be an original. This Lease includes sixty-eight (68) pages and three (3) exhibits. This Lease shall become effective on the date that it is executed on behalf of Agency ("Effective Date").

(b) All waivers of the provisions of this Lease must be in writing and signed by the appropriate authorities of Agency or Lessee and all amendments hereto must be in writing and signed by the appropriate authorities of Agency and Lessee. During the term of any Mortgage obtained in accordance with Section 901 of this Lease, any amendment to this Lease shall require the written approval of the Mortgagee, which approval shall not unreasonably be withheld.

P. [§ 1316] Disclosure Authorization

By executing this Lease, Lessee hereby authorizes, consents and agrees to disclose to the Agency such information as is reasonably required by the Agency to verify Lessee's compliance with and performance of its obligations under this Lease. The Agency has the right, upon not less than seventy-two (72) hours' notice, at all reasonable times, to inspect such books and records of the Lessee as is reasonably required by the Agency to verify Lessee's compliance with and performance of its obligations under this Lease.

Q. [§ 1317] Approvals

Except as expressly provided otherwise in this Lease, approvals required of Agency or Lessee shall not be unreasonably withheld, conditioned or delayed.

CULVER CITY REDEVELOPMENT AGENCY
(Agency)

Date: _____

By: _____



SUSAN EVANS

APPROVED AS TO FORM AND LEGALITY:
Agency General Counsel

By: Murray Kane
Murray Kane

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CENTER THEATRE GROUP

Date: _____

By: _____

Chief Executive Officer

A handwritten signature in black ink, appearing to read "Wiley", is written over a horizontal line. The signature is stylized with a large initial 'W' and a long, sweeping tail.

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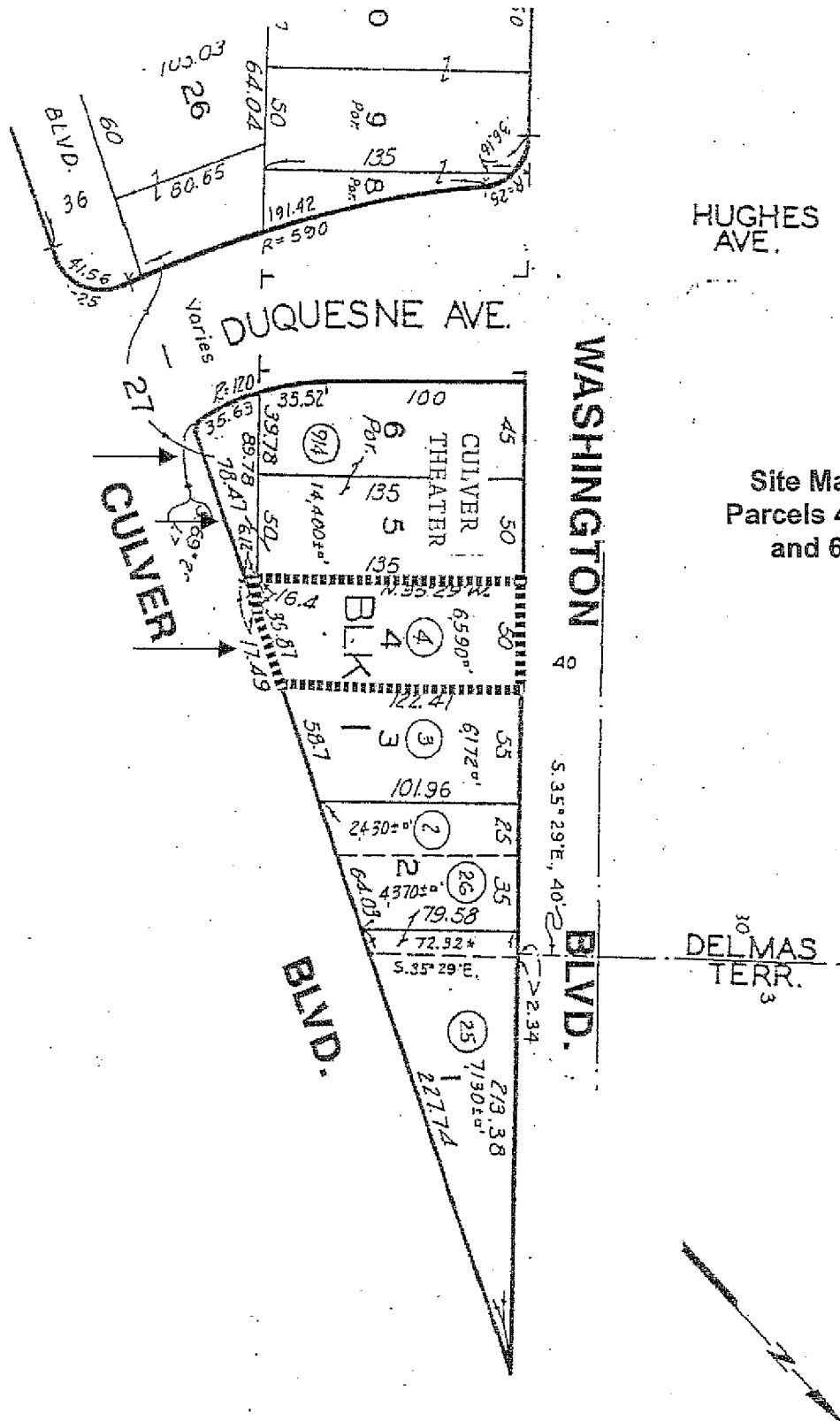
Exhibit A

Map of Site

[behind this page]

ATTACHMENT NO. 1

SITE MAP



Site Map
Parcels 4, 5,
and 6

Exhibit B

Legal Description of Site

ATTACHMENT NO. 2
LEGAL DESCRIPTION OF SITE TO BE LEASED

Parcel A - Culver Theater
APN 4207-006-914 - 9820 Washington Boulevard

PARCEL 1:

LOT 6 AND THAT PORTION OF LOT 27, BLOCK 1 OF TRACT 1775, IN THE CITY OF CULVER CITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 21 PAGES 190 AND 191 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE NORTHWESTERLY LINE OF SAID LOT 27, WHICH IS 66.40 FEET FROM ITS MOST EASTERLY CORNER, AND RUNNING THENCE IN A SOUTHWESTERLY DIRECTION ALONG SAID NORTHWEST LINE 50 FEET; THENCE IN A SOUTHEASTERLY DIRECTION AT RIGHT ANGELES TO SAID NORTHWESTERLY LINE, A DISTANCE OF 43.42 FEET TO A POINT IN THE SOUTHEASTERLY LINE OF SAID LOT; THENCE NORTHEASTERLY ALONG SAID LAST MENTIONED LINE, 53.36 FEET TO A POINT; THENCE NORTHWESTERLY 24.77 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

LOT 5, BLOCK 1 OF TRACT 1775, IN THE CITY OF CULVER CITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 21 PAGES 190 AND 191 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO THAT PORTION OF LOT 27 IN SAID BLOCK, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHWESTERLY LINE OF SAID LOT 27, DISTANT THEREON SOUTH 54 DEGREES 31 MINUTES WEST 16.4 FEET FROM THE MOST NORTHERLY CORNER OF SAID LOT; THENCE SOUTH 54 DEGREES 31 MINUTES WEST ALONG SAID NORTHWESTERLY LINE 50 FEET; THENCE SOUTH 35 DEGREES 29 MINUTES EAST AT RIGHT ANGLES TO SAID NORTHWESTERLY LINE 24.77 FEET; MORE OR LESS, TO THE SOUTHEASTERLY LINE OF SAID LOT; THENCE NORTH 34 DEGREES 03 MINUTES 50 SECONDS EAST, ALONG SAID SOUTHEASTERLY LINE 53.36 FEET, ORE OR LESS TO A POINT WHICH BEARS SOUTH 35 DEGREES 29 MINUTES EAST AT RIGHT ANGLES TO THE NORTHWESTERLY LINE OF SAID LOT, FROM THE POINT OF BEGINNING; THENCE NORTH 35 DEGREES 29 MINUTES WEST 6.12 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

Exhibit C

SCOPE OF DEVELOPMENT

I. DESCRIPTION OF DEVELOPMENT

Parcel A (9820 Washington Boulevard-Culver Theater) shall be fully rehabilitated. The exterior of the building shall be patched and repaired as needed and painted. The Marquee and Tower shall be refurbished to their historic nature. The lobby and bathrooms shall be rehabilitated and meet all Americans with Disability Act (ADA) standards. The ground floor of the theater shall consist of a Theater with seating for 300 to 350 people depending on the configuration of the stage and, and the second floor shall consist of a classroom/rehearsal space and storage area.

1. The original ticket kiosk will be renovated. A new box office shall be created within the building. Three ticket windows will replace three display cases originally located on the east side of the Washington Boulevard frontage.
2. The existing aluminum entry doors will be replaced with suitable new doors.

Parcel B shall be rehabilitated for the approved loading and unloading facilities, construction of props and scenery and the installation of electrical equipment HVAC equipment and trash collection facilities. There shall be perimeter landscaping and an architectural wall shall be constructed. Developer shall provide access from the rear of Tenant's building to Washington Boulevard.

II. DEVELOPMENT STANDARDS

A. Building Setbacks

The setbacks of all improvements on the Site shall conform to the Zoning Chapter of the Municipal Code.

B. Handicapped Accessibility

The development shall be constructed to be accessible to the handicapped as required by State regulations for new construction.

C. Energy Conservation

To the extent reasonably feasible without causing conflict with other requirements of the Municipal Code or this Scope of Development, the development shall be planned to maximize energy conservation through passive as well as active methods and to minimize shadows cast upon

adjoining properties. Every reasonable consideration shall be extended to comply with this performance standard.

D. Parking

Designated parking for Developer's staff shall be made available to the Developer free of charge at City Hall on Level P1 at all times unless and until City employees are charged for such parking. Developer's staff shall be provided with code access to such parking, and the security guard/parking attendant requirements set forth below shall be inapplicable to Developer staff parking.

Developer patron/customer parking will be located at City Hall on Level P1 (1) at all times that City Hall is otherwise open for public use and access, and (2) at all times that City Hall is not open to the public, provided that Developer shall nonetheless provide a minimum of two (2) security guards/parking attendants to open and monitor the City Hall Level P1 parking and the courtyard. Developer shall reimburse the City for the marginal utility costs and marginal clean-up costs of such use, the precise amount of which shall be subject to the reasonable annual agreement of the Agency and the Developer. The lease shall contain appropriate provisions to effectuate the obligations of Developer set forth herein.

Notwithstanding the foregoing, at all times after 6:00 P.M. that the City Hall is open to the public, and Developer desires to utilize P1 parking for itself or its patrons/customers, Developer shall provide a minimum of one (1) security guard/parking attendant to monitor the City Hall Level P1 parking and the courtyard.

Developer agrees that commencing five (5) years after the issuance by City of the Certificate of Occupancy for Parcel A, Agency may at its sole discretion charge for parking in City Hall by Developer patrons/customers and, in the event City employees are charged for such parking, by Developer's staff. If so, the amount charged to Developer patrons/customers, and, if applicable, Developer's staff, for such parking shall not be greater than the Agency and City parking rates in the Downtown area for public parking facilities, and shall be set at a rate which the Agency determines does not discourage patrons and customers from using the parking to attend Theatrical Presentations at the Site. Agency agrees to consult with Developer prior to establishing any such parking charges. The Agency shall not charge Developer or its patrons/customers or staff for parking at any time the public is offered free parking at City Hall.

E. Access and Circulation

1. Driveway/Curbcuts

Driveway curbcut locations shall be subject to the approval of the Community Development Director and City Engineer as detailed on the construction documents.

2. Loading

Developer shall prepare and submit, concurrently with the submission of the Site Plan Concept Drawings, a plan for the Site loading and refuse collection for review and approval by the Community Development Director and City Engineer. The loading shall be from Culver Boulevard. Ingress and egress of trucks used for loading shall occur during the times approved by the City Engineer in accordance with the approved Site Plan, as it may be changed with the approval of the City from time to time.

F. Landscaping

All unbuilt setback areas not devoted to vehicular or pedestrian ways shall be landscaped. Landscaping may include decorative paving subject to Agency approval. The Public Art, "Truth or Fiction", located at the northeast corner of Duquesne and Culver Boulevard shall be considered in all Landscaping Plans. The Artwork must be protected in place, or relocated with plans approved by the City's Public Art Coordinator.

Landscaping details, including surface cover, quantity, placement of shrubs and irrigation, shall be included with the Preliminary Construction Plans. Landscape details must meet the approval of the City's Environmental Management Division.

All landscaped areas including street trees shall be provided with an automatic sprinkler system and be maintained in a sightly and well-kept condition.

G. Lighting

Site illumination shall include illumination of the Tower and Marquee. There shall provide adequate lighting around the perimeter of the building. A lighting plan shall be included in the conceptual plan to be reviewed by the Agency.

H. Signs

1. Roof Top Screening

All mechanical or electrical support equipment including but not limited to motors compressors and air conditioning or heating units, and all vents, shafts, duct work, skylights, pipes and similar equipment or devices on or projecting through thereof or exterior walls of the building shall be screened from view from adjoining properties on a horizontal line of sight basis by the primary or integral architectural features or elements of the building. Such screening shall be subject to the approval of the Agency; provided, however that Agency shall not require that the roof be covered from above.

2. Ground Level Screening

All above ground transformers and other electrical or mechanical equipment shall be enclosed within masonry wall structures of the same exterior material, finish and color as the buildings and shall be located interior to a security fencing on the Site, if required. Such structures shall fully screen the trash areas and mechanical or electrical equipment from view from adjacent rights-of-way and be subject to Community Development Direct and Agency approval.

3. Marquee

Unless otherwise first approved in writing by the Agency, the existing marquee shall be repaired or replaced in a manner consistent with the Landmark Historic designation of the building. The marquee may be fitted with an electric sign under the current "Culver" lettering and the center finial to announce program and other information. The Agency agrees not to disapprove a proposed sign based on the location of the sign in one of the areas marked as "Permitted Sign Location" on the "Permitted Sign Location Exhibit" attached hereto, labeled "Exhibit A" and incorporated herein by this reference; provided however that nothing herein shall constitute an approval of the number, design or content of signs, which shall be subject to the approval of the Agency and the City.

Developer agrees to preserve the two cursive script signs at Developer's expense, and to store them on the Site in a manner first approved in writing by Agency, until relocated under paragraph 3 below or replaced on the marquee by Developer under paragraph 4 below.

Agency and Developer shall forthwith negotiate in good faith for the purpose of identifying and designating a relocation site for the "Culver" lettering either on the Site or in the vicinity of the Site prior to the issuance of a temporary or permanent certificate of occupancy for the Theater by the City, such relocation to meet the intent of the Secretary of Interior standards.

If as a result of the negotiations conducted under paragraph 2 above, the lettering is to be relocated on the Site, Developer shall accomplish such relocation pursuant to plans approved by the City and so as to meet the intent of the Secretary of Interior standards. If as a result of the negotiations conducted under paragraph 2 above, the lettering is to be relocated elsewhere, Agency shall have the right to relocate the lettering free of any rights or obligations of Developer; provided however that Developer shall pay to the Agency concurrently with delivery of the lettering to Agency, an amount reasonably determined by the Agency Executive Director after consultation with Developer to be equal to the anticipated cost to Developer of preserving and restoring the lettering in place on the marquee, less the cost to remove and store the letter.

if, after and despite the good faith negotiations of the parties under paragraph 2 above, the lettering is neither relocated on the Site nor elsewhere, Developer shall continue to store the lettering as required by paragraph 1 above, and shall, upon the expiration or earlier termination of the Lease of the Site, replace the lettering on the marquee of the Theater comparable to its current condition.

4. Tower

Unless otherwise first approved in writing by the Agency, the existing tower shall be repaired or replaced in a manner consistent with the Landmark historic designation of the building, and the Developer shall retain the name "CULVER" on all four sides of the tower.

5. New Signs

Subject to the provisions of the immediately preceding two paragraphs ("3. Marquee" and "4. Tower"), (i) Agency acknowledges the Developer's right to rename the theater the "Kirk Douglas Theatre" and (ii) signage for the theater will be modified to reflect the new name of the theater and its constituent spaces and stages. Notwithstanding the foregoing, the initial promotional materials shall reflect the location of the theater in Culver City and located at the historic "Culver Theater." Subsequent material will reference the location of the theater in Culver City. The Agency agrees not to disapprove a

proposed sign based on the location of the sign in one of the areas marked as "Permitted Sign Location" on the "Permitted Sign Location Exhibit" attached hereto, labeled "Exhibit A" and incorporated herein by this reference; provided however that nothing herein shall constitute an approval of the number, design or content of signs, which shall be subject to the approval of the Agency and the City.

I. Architectural Design

The primary building on the Site is designated as a "Landmark" Historic building by the City of Culver City. Plans for the redevelopment of the exterior of the building shall be subject to review and approval by the City Planning Department for consistency with the United States Department of Interior's Standards for Rehabilitation for Historic Buildings. If the primary building is accepted on the State or National Registry of Points of Interest, then it shall comply with the requirements of the designation. The Initial Study utilized by the Agency to comply with the California Environmental Quality Act in connection with its consideration of this agreement contains an updated inventory of the character defining features of the building's exterior and an analysis of any environmental issues associated with the description of the project set forth in paragraph V above. Any new building or additions on the Site shall be compatible with the architectural design of the primary building.

III. RESPONSIBILITY FOR SECURING PERMITS AND PAYMENT OF APPLICABLE FEES

Nothing contained in this Scope of Development or in this Agreement shall be construed in any way to exempt the securing of all permits and the paying of all fees required by developers, including but not limited to, permits and fees for site plan review, certificate of appropriateness, conditional use permit, and building permit.

IV. CITY ZONING, ARCHITECTURAL AND OTHER REQUIREMENTS

The City of Culver City has adopted zoning, architectural and other requirements relating to the development of land within its jurisdiction. These requirements shall be adhered to in the planning and implementation of all developments. Any requirements contained in this Scope of Development shall be construed as being in addition to City requirements, except that in any case the more restrictive requirements shall apply.

V. PRIVATE CONDITIONS, COVENANTS AND RESTRICTIONS

Nothing contained herein shall preclude the Developer from establishing conditions, covenants and restrictions on the development and use of the site which are not inconsistent with this Agreement. Such conditions, covenants and restrictions shall not be enforceable by the City or the Agency.

adjoining properties. Every reasonable consideration shall be extended to comply with this performance standard.

D. Parking

Designated parking for Developer's staff shall be made available to the Developer free of charge at City Hall on Level P1 at all times unless and until City employees are charged for such parking. Developer's staff shall be provided with code access to such parking, and the security guard/parking attendant requirements set forth below shall be inapplicable to Developer staff parking.

Developer patron/customer parking will be located at City Hall on Level P1 (1) at all times that City Hall is otherwise open for public use and access, and (2) at all times that City Hall is not open to the public, provided that Developer shall nonetheless provide a minimum of two (2) security guards/parking attendants to open and monitor the City Hall Level P1 parking and the courtyard. Developer shall reimburse the City for the marginal utility costs and marginal clean-up costs of such use, the precise amount of which shall be subject to the reasonable annual agreement of the Agency and the Developer. The lease shall contain appropriate provisions to effectuate the obligations of Developer set forth herein.

Notwithstanding the foregoing, at all times after 6:00 P.M. that the City Hall is open to the public, and Developer desires to utilize P1 parking for itself or its patrons/customers, Developer shall provide a minimum of one (1) security guard/parking attendant to monitor the City Hall Level P1 parking and the courtyard.

Developer agrees that commencing five (5) years after the issuance by City of the Certificate of Occupancy for Parcel A, Agency may at its sole discretion charge for parking in City Hall by Developer patrons/customers and, in the event City employees are charged for such parking, by Developer's staff. If so, the amount charged to Developer patrons/customers, and, if applicable, Developer's staff, for such parking shall not be greater than the Agency and City parking rates in the Downtown area for public parking facilities, and shall be set at a rate which the Agency determines does not discourage patrons and customers from using the parking to attend Theatrical Presentations at the Site. Agency agrees to consult with Developer prior to establishing any such parking charges. The Agency shall not charge Developer or its patrons/customers or staff for parking at any time the public is offered free parking at City Hall.

E. Access and Circulation

1. Driveway/Curbcuts

Driveway curbcut locations shall be subject to the approval of the Community Development Director and City Engineer as detailed on the construction documents.

2. Loading

Developer shall prepare and submit, concurrently with the submission of the Site Plan Concept Drawings, a plan for the Site loading and refuse collection for review and approval by the Community Development Director and City Engineer. The loading shall be from Culver Boulevard. Ingress and egress of trucks used for loading shall occur during the times approved by the City Engineer in accordance with the approved Site Plan, as it may be changed with the approval of the City from time to time.

F. Landscaping

All unbuilt setback areas not devoted to vehicular or pedestrian ways shall be landscaped. Landscaping may include decorative paving subject to Agency approval. The Public Art, "Truth or Fiction", located at the northeast corner of Duquesne and Culver Boulevard shall be considered in all Landscaping Plans. The Artwork must be protected in place, or relocated with plans approved by the City's Public Art Coordinator.

Landscaping details, including surface cover, quantity, placement of shrubs and irrigation, shall be included with the Preliminary Construction Plans. Landscape details must meet the approval of the City's Environmental Management Division.

All landscaped areas including street trees shall be provided with an automatic sprinkler system and be maintained in a sightly and well-kept condition.

G. Lighting

Site illumination shall include illumination of the Tower and Marquee. There shall provide adequate lighting around the perimeter of the building. A lighting plan shall be included in the conceptual plan to be reviewed by the Agency.

H. Signs

1. Roof Top Screening

All mechanical or electrical support equipment including but not limited to motors compressors and air conditioning or heating units, and all vents, shafts, duct work, skylights, pipes and similar equipment or devices on or projecting through thereof or exterior walls of the building shall be screened from view from adjoining properties on a horizontal line of sight basis by the primary or integral architectural features or elements of the building. Such screening shall be subject to the approval of the Agency; provided, however that Agency shall not require that the roof be covered from above.

2. Ground Level Screening

All above ground transformers and other electrical or mechanical equipment shall be enclosed within masonry wall structures of the same exterior material, finish and color as the buildings and shall be located interior to a security fencing on the Site, if required. Such structures shall fully screen the trash areas and mechanical or electrical equipment from view from adjacent rights-of-way and be subject to Community Development Direct and Agency approval.

3. Marquee

Unless otherwise first approved in writing by the Agency, the existing marquee shall be repaired or replaced in a manner consistent with the Landmark Historic designation of the building. The marquee may be fitted with an electric sign under the current "Culver" lettering and the center finial to announce program and other information. The Agency agrees not to disapprove a proposed sign based on the location of the sign in one of the areas marked as "Permitted Sign Location" on the "Permitted Sign Location Exhibit" attached hereto, labeled "Exhibit A" and incorporated herein by this reference; provided however that nothing herein shall constitute an approval of the number, design or content of signs, which shall be subject to the approval of the Agency and the City.

Developer agrees to preserve the two cursive script signs at Developer's expense, and to store them on the Site in a manner first approved in writing by Agency, until relocated under paragraph 3 below or replaced on the marquee by Developer under paragraph 4 below.

Agency and Developer shall forthwith negotiate in good faith for the purpose of identifying and designating a relocation site for the "Culver" lettering either on the Site or in the vicinity of the Site prior to the issuance of a temporary or permanent certificate of occupancy for the Theater by the City, such relocation to meet the intent of the Secretary of Interior standards.

If as a result of the negotiations conducted under paragraph 2 above, the lettering is to be relocated on the Site, Developer shall accomplish such relocation pursuant to plans approved by the City and so as to meet the intent of the Secretary of Interior standards. If as a result of the negotiations conducted under paragraph 2 above, the lettering is to be relocated elsewhere, Agency shall have the right to relocate the lettering free of any rights or obligations of Developer; provided however that Developer shall pay to the Agency concurrently with delivery of the lettering to Agency, an amount reasonably determined by the Agency Executive Director after consultation with Developer to be equal to the anticipated cost to Developer of preserving and restoring the lettering in place on the marquee, less the cost to remove and store the letter.

If, after and despite the good faith negotiations of the parties under paragraph 2 above, the lettering is neither relocated on the Site nor elsewhere, Developer shall continue to store the lettering as required by paragraph 1 above, and shall, upon the expiration or earlier termination of the Lease of the Site, replace the lettering on the marquee of the Theater comparable to its current condition.

4. Tower

Unless otherwise first approved in writing by the Agency, the existing tower shall be repaired or replaced in a manner consistent with the Landmark Historic designation of the building, and the Developer shall retain the name "CULVER" on all four sides of the tower.

5. New Signs

Subject to the provisions of the immediately preceding two paragraphs ("3. Marquee" and "4. Tower"), (i) Agency acknowledges the Developer's right to rename the theater the "Kirk Douglas Theatre" and (ii) signage for the theater will be modified to reflect the new name of the theater and its constituent spaces and stages. Notwithstanding the foregoing, the initial promotional materials shall reflect the location of the theater in Culver City and located at the historic "Culver Theater." Subsequent material will reference the location of the theater in Culver City. The Agency agrees not to disapprove a

proposed sign based on the location of the sign in one of the areas marked as "Permitted Sign Location" on the "Permitted Sign Location Exhibit" attached hereto, labeled "Exhibit A" and incorporated herein by this reference; provided however that nothing herein shall constitute an approval of the number, design or content of signs, which shall be subject to the approval of the Agency and the City.

I. Architectural Design

The primary building on the Site is designated as a "Landmark" Historic building by the City of Culver City. Plans for the redevelopment of the exterior of the building shall be subject to review and approval by the City Planning Department for consistency with the United States Department of Interior's Standards for Rehabilitation for Historic Buildings. If the primary building is accepted on the State or National Registry of Points of Interest, then it shall comply with the requirements of the designation. The initial Study utilized by the Agency to comply with the California Environmental Quality Act in connection with its consideration of this agreement contains an updated inventory of the character defining features of the building's exterior and an analysis of any environmental issues associated with the description of the project set forth in paragraph V above. Any new building or additions on the Site shall be compatible with the architectural design of the primary building.

III. RESPONSIBILITY FOR SECURING PERMITS AND PAYMENT OF APPLICABLE FEES

Nothing contained in this Scope of Development or in this Agreement shall be construed in any way to exempt the securing of all permits and the paying of all fees required by developers, including but not limited to, permits and fees for site plan review, certificate of appropriateness, conditional use permit, and building permit.

IV. CITY ZONING, ARCHITECTURAL AND OTHER REQUIREMENTS

The City of Culver City has adopted zoning, architectural and other requirements relating to the development of land within its jurisdiction. These requirements shall be adhered to in the planning and implementation of all developments. Any requirements contained in this Scope of Development shall be construed as being in addition to City requirements, except that in any case the more restrictive requirements shall apply.

V. PRIVATE CONDITIONS, COVENANTS AND RESTRICTIONS

Nothing contained herein shall preclude the Developer from establishing conditions, covenants and restrictions on the development and use of the site which are not inconsistent with this Agreement. Such conditions, covenants and restrictions shall not be enforceable by the City or the Agency.

DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between

CULVER CITY REDEVELOPMENT AGENCY (Agency)

and

CENTER THEATRE GROUP (Developer)

CULVER CITY, CALIFORNIA

May 23, 2001

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1. Site Map
2. Legal Description (of property to be leased from Agency by Developer)
3. Schedule of Performance
4. Scope of Development
5. [Intentionally Omitted]
6. Financing Plan/Lease Price (of each parcel to be leased from Agency to Developer)
7. Lease Agreement
8. Certificate of Completion
9. Proforma Policy of Title Insurance

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (hereinafter referred to as "Agreement") is entered into by and between the CULVER CITY REDEVELOPMENT AGENCY (hereinafter referred to as "Agency") and. CENTER THEATRE GROUP, hereinafter referred to as "Developer"). The Agency and the Developer agree as follows:

§100. SUBJECT OF AGREEMENT

§101. Purpose of the Agreement

The purpose of this Agreement is to effectuate the Redevelopment Plan (the "Redevelopment Plan") for the Culver City Redevelopment Project (Component No. 3) (the "Project"), by providing for the lease and development of that portion of the Project Area described hereinbelow as the Site ("Site") in the Project Area for purpose of live theater. This Agreement is entered into for the purpose of development of the Site pursuant to this Agreement, and the fulfillment generally of the Agreement is in the vital and best interest of the City of Culver City ("the City") and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of the applicable federal, state and local laws and requirements under which the Project has been undertaken and is being assisted.

§102. The Redevelopment Plan

This Agreement is subject to the provisions of the Redevelopment Plan which was approved and adopted by the City Council of the City of Culver City by Ordinance No. CS-862 on November 24, 1975 and amended by the City Council of the City of Culver City Ordinance No. CS-98-014 and CS - 90-015 on November 23, 1998. The Redevelopment Plan, as amended, is incorporated herein by this reference and made a part hereof as though fully set forth herein.

Any amendments to the Redevelopment Plan which change the uses or development permitted on the Site or otherwise change the restrictions or controls that apply to the Site shall require the written consent of the Developer. No other amendments of the Redevelopment Plan shall require the consent of Developer.

Agency hereby represents that the Redevelopment Plan is in full force and effect, that the Redevelopment Plan has not been amended other than as set forth above, that the statutory time within which to bring an

action challenging the validity of the Redevelopment Plan has expired, and that Agency has no knowledge of any pending or threatened litigation against City or Agency challenging the validity of the Redevelopment Plan.

§103. The Project Area

The "Project Area" is located in the City and is legally described in the Redevelopment Plan.

§104. The Site

The Site to which this Agreement relates is that portion of the Project Area designated as the "Site" on the "Site Map" attached hereto, labeled "Attachment No. 1", and incorporated herein by this reference, and legally described on the "Legal Description" attached hereto, labeled "Attachment No. 2", and incorporated herein by this reference.

The Site consists of Parcel A, Culver Theater - 9820 Washington Boulevard and Parcel B, 9814 Washington Boulevard. Parcels A and B are further designated and described on Attachment Nos. 1 and 2. Parcel A and Parcel B are currently owned in fee by the Agency.

§105. Parties to the Agreement

§105.1 The Agency

The Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California.

The principal office of the Agency is located at 9770 Culver Boulevard, Culver City, California 90232.

§105.2 The Developer

The Developer is Center Theatre Group, is a California nonprofit corporation. The principal office of the Developer is 135 North Grand Avenue, Los Angeles, California 90012.

All of the terms, covenants and conditions of this Agreement shall be binding on, and shall inure to the benefit of Developer.

§105.3 Prohibition Against Change in Sublease, Management and Control of Developer

The qualifications and identities of Developer and its associates are of particular concern to the City and the Agency. It is because of those unique qualifications and identities and the public aids that have been made available by law for the purpose of making the redevelopment of the Site possible that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest to Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein.

Developer shall not Transfer all or any part of its interest in or rights under this Agreement without the prior written approval of Agency, which approval, may be granted or withheld in the sole and absolute discretion of Agency. Any Transfer shall require notice to, Agency and City. No Transfer of any kind whatsoever shall be effective unless and until the transferee assumes all of the obligations of Developer with regard to the Site, and delivers written evidence of such assumption in a form reasonably satisfactory to the Agency.

Any Transfer in violation hereof will entitle the Agency to use any remedy available to it at law or equity, including but not limited to the right of termination set forth in Section 511 hereinbelow.

§105.4 No Third Party Beneficiary

No party shall acquire any rights or benefits as a third party beneficiary under this Agreement.

§200. DISPOSITION OF THE SITE

§201. Lease; Conditions Precedent to Lease

In accordance with and subject to all the terms, covenants and conditions of this Agreement and subject to its rights of termination set forth in Section 509 of this Agreement, the Agency agrees to lease Parcel A and Parcel B of the Site to the Developer, and the Developer agrees to lease from Agency and develop Parcel A and Parcel B of the Site for the consideration and subject to the terms, conditions and provision set forth herein.

§202. Escrow

The Agency and the Developer shall open an escrow for the disposition of

the Site with an escrow agent (the "Escrow Agent") acceptable to the Agency and the Developer within the times established therefor in the Schedule of Performance, attached hereto and incorporated herein as Attachment No. 3. This Agreement constitutes the joint escrow instructions of the Agency and the Developer, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of the escrow. The Agency and the Developer shall provide such additional escrow instructions as shall be necessary and consistent with this Agreement. The Escrow Agent is hereby empowered to act under this Agreement and upon indicating its acceptance of the provisions of this Section 202 in writing, delivered to the Agency and to the Developer within five (5) days after the opening of the escrow, shall carry out its duties as Escrow Agent hereunder. Insurance policies for fire or casualty are not to be transferred, and the Agency will cancel its own policies after the closing of escrow hereunder.

Upon delivery of the Lease for the Site to the Escrow Agent by the Agency pursuant to Section 206 of this Agreement, the Escrow Agent shall record a memorandum of such Lease in accordance with the escrow instructions, provided that the lease can be vested in the Developer, in accordance with the terms and provisions of this Agreement. Any insurance policies of the Agency governing the Site are not to be transferred.

The Agency shall pay:

1. Costs necessary to place the title to Parcel A in the condition for conveyance of leasehold interest required by the provisions of this Agreement;
2. Any and all state, county, or city documentary stamps or transfer tax pertaining to the Agency's conveyance of the leasehold interest in the Site(s);
3. The escrow fees attributable to the conveyance of the leasehold interest in the Site(s) to Developer;
4. The premium for the title insurance policies, as provided in Section 207 of this Agreement.

The Agency shall timely and properly execute, acknowledge and deliver a lease in substantially the form established in Section 204 of this Agreement, conveying to the Developer leasehold interest to the Site in accordance with the requirements of Section 205 of this Agreement, together with an estoppel certificate certifying that the Developer has completed all acts necessary to entitle the Developer to such leasehold

interest, if such be the fact.

The Escrow Agent is authorized to:

1. Pay and charge the Developer and Agency, as the case may be, for any and all fees, charges and costs payable under this Section 202 of this Agreement. Before such payments are made, the Escrow Agent shall notify the Agency and Developer of the fees, charges and costs necessary to close the escrow consistent with the requirements of this Agreement.
2. Disburse funds and deliver the lease and other documents to the parties entitled thereto when the conditions of this escrow have been fulfilled by the Agency and the Developer. The Escrow Agent shall deliver to the Developer evidence of issuance of a title insurance policy insuring leasehold interest acceptable to the Developer and conforming to the requirements of Section 205 of this Agreement.
3. Record any instruments delivered through this Escrow if necessary or proper to vest leasehold interest in the Developer in accordance with the terms and provisions of this Agreement.

All funds received in this escrow shall be deposited by the Escrow Agent with other escrow funds of the Escrow Agent in a federally insured interest-bearing general escrow account or accounts with any state or national bank doing business in the State of California. Such funds may be transferred to any other such general escrow account or accounts. All prorations shall be made on the basis of a 30-day month.

If this escrow is not in condition to close before the time for conveyance established in Section 206 of this Agreement, either party who then shall have fully performed the acts to be performed before the conveyance of leasehold interest may, in writing, terminate this Agreement and demand the return of its money, papers or documents, subject to any notice and cure period set forth in Section 500. Thereupon all obligations and liabilities of the parties under this Agreement shall cease and terminate. If neither the Agency nor the Developer shall have fully performed with respect to the conveyance of the Site or portions thereof before the time established in said Section, no termination or demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other party or parties at the address of its or their principal place or places of business. The Escrow Agent shall provide for 30-day notice to cure any default of non-monetary conditions of escrow. If any objections are raised within the 10-day period, the Escrow Agent is authorized to hold all money, papers and documents with

respect to the Site until instructed by mutual agreement of the parties or upon failure thereof by a court of competent jurisdiction. If no such demands are made, the escrow shall be closed as soon as possible.

The Escrow Agent shall not be obligated to return any such money, papers or documents except upon the written instructions of both the Agency and the Developer, or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

Any amendment to these escrow instruction shall be in writing and signed by both the Agency and the Developer. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

All communications from the Escrow Agent to the Agency or the Developer shall be directed to the address set forth in Section 105 and in the manner established in Section 202 of this Agreement for notices, demands and communications between the Agency and the Developer. Nothing in this Section 202 shall be construed to impair or affect the rights or obligations of the Agency or the Developer to specific performance.

The liability of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under Sections 202 to 208, both inclusive, of this Agreement.

§203. Conveyance of Leasehold and Delivery of Possession

Subject to the conditions precedent set forth herein, conveyance to the Developer of leasehold interest in the Site (in accordance with the provisions of Sections 202 and 205 of this Agreement) shall be completed on or prior to the date specified on the "Schedule of Performance," Attachment No. 3. The Agency and the Developer agree to perform all acts necessary for conveyance of leasehold interest in sufficient time for leasehold interest to be conveyed in accordance with the foregoing provisions.

The following obligations of Developer are conditions precedent to the Agency's obligation to close escrow and convey the leasehold interest in the Site. The Agency at its option may terminate this Agreement if any condition and obligation of Developer set forth below is not satisfied by the Developer or waived in writing by the Agency within the times required by this Agreement.

1. Developer's submission to the Agency of the Good Faith Deposit pursuant to Section 601 below.

2. Developer's submission to the Agency and the Agency's approval of the Evidence of Financing pursuant to Section 212 below.
3. Developer's submission to the Agency and the Agency's approval of the architectural, construction, operational and parking and loading plans required by this Agreement for the development of Parcel A.
4. The approval and availability to Developer of all City approvals, entitlements and permits required for the development of the Site, and completion of plan check by City Building and Safety Division and issuance of building permit pursuant to Attachment No. 3 for Parcel A.
5. Developer shall have executed, acknowledged and accepted the Lease for the Site and any other documents required hereunder and delivered such documents into escrow.
6. Developer shall have provided proof of insurance as required by this Agreement.
7. Developer submission to the Agency of evidence of the Architectural Release pursuant to Section 608.
8. Prior to the close of escrow, Developer shall not be in default in any of its obligations under the terms of this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.
9. Developer and City shall enter into a Parking Use Agreement for City Hall parking use by Developer consistent with the provisions of the attached Scope of Development (Attachment No. 4).

It is understood that the performance by Agency of its obligations under this Agreement is a condition precedent to the performance by Developer of its obligations under this Agreement, and the performance by Developer of its obligations under this Agreement is a condition precedent to the performance by Agency of its obligations under this Agreement.

Possession shall be delivered to the Developer concurrently with the conveyance of leasehold interest, except that limited access shall be permitted before conveyance of lease as permitted by the Agency. The Developer shall accept lease and possession not later than the date or dates for conveyance set forth in the Schedule of Performance.

§204. Form of Lease

The Agency shall convey a Leasehold Interest in the Site to the Developer for a term, as to Parcel A only, of sixty (60) years with the option of two five-year extensions, and as to Parcel B only, of ten (10) years.

Notwithstanding the foregoing, so long as the lease is in effect as to Parcel A, Agency agrees to extend the term of the lease as to Parcel B for additional increments of one (1) year, up to the term of the lease as to Parcel A and subject to the provisions of this Section 204, unless (i) within the initial ten year term of the Parcel B lease, or any extension thereof, Developer submits a plan and proposed lease modifications for the permanent redevelopment of Parcel B to Agency that is subsequently approved by Agency within such initial term or any extension thereof, in which case the term of the lease as to Parcel B shall be extended to be coterminous with that for Parcel A, including the aforementioned options to extend for Parcel A, and the Agency and Developer shall enter into appropriate development agreement and lease amendment documents consistent with the provisions of this Section 204; or (ii) at any time following the initial ten year term of the Parcel B lease, Developer has not submitted a plan for the permanent redevelopment of Parcel B that has been approved by the Agency, and Agency has approved a plan and lease agreement with a third party for the permanent redevelopment of Parcel B, in which case (I) Agency shall offer to provide Developer a substitute premises lease in the project to be developed on Parcel B providing Developer with comparable space and uses to those previously utilized by Developer within the Parcel B improvements, and (II) Agency shall burden Parcel B with appropriate easements to preserve the loading uses made of Parcel B by Developer to serve its use of Parcel A under the lease, and (III) the lease between Agency and Developer shall thereupon terminate as to Parcel B. The Site shall be leased to Developer in the condition provided in Section 205 of this Agreement by Lease substantially in the form attached hereto and made a part of as Attachment No. 7.

§205. Condition of Leasehold Interest

The Agency shall convey to the Developer leasehold to the Site free and clear of all recorded liens, encumbrances, covenants, restrictions, reservations, assessments, easements, leases and taxes excepting and reserving to the Agency the fee title to the Site and Agency's interest in the Lease as Lessor, consistent with the proforma policy of title insurance attached hereto and labeled Exhibit 9. There shall be no subordination under the Lease whatsoever of the Agency's fee title to the Site and/or any improvements thereon, and/or the Agency's interest in the Lease

and/or any entitlement to rent.

§206. Time For and Place of Delivery of Lease

The Agency shall deposit the Lease with the Escrow Agent on or before the date established for conveyance in the Schedule of Performance, Attachment No. 3 of this Agreement.

§207. Title Insurance

Concurrently with recordation of the lease conveying interest to the Site, a title insurance company satisfactory to the Agency and the Developer ("Title Company") shall provide and deliver to the Developer a title insurance policy issued by the Title Company insuring that the leasehold interest is vested in the Developer in the condition required by Section 205 of this Agreement. The Title Company shall provide the Agency with a copy of the title insurance policy, and the title insurance policy shall be in the amount agreed by the parties. The Agency shall pay the cost of such policy.

Concurrently with recording of the lease conveying interest to the Site, the Title Company shall, if requested by and at the expense of the Developer, provide the Developer with an endorsement to insure the amount of the Developer's estimated construction costs of the improvements to be constructed upon the Site. The Developer shall pay for all additional premiums and for any extended coverage or special endorsements.

§208. Taxes and Assessments

Ad valorem taxes and easements, if any, on the Site or any parcel after conveyance, and ad valorem taxes upon this Agreement or any rights thereunder, if any levied assessed or imposed before or after conveyance of the leasehold interest shall be paid by the Developer.

§209. Occupants of the Site

The Site shall be conveyed free of any possession or right of possession except that of Developer and easements of record, which are shown on the proforma policy attached hereto and labeled Exhibit 9.

§210. Zoning of the Site

The zoning of the Site at the time of conveyance thereof shall permit development of improvements and the use, operation and maintenance of such improvements in accordance with the provisions of this Agreement.

§211. Condition of the Site

A. "As-Is" Condition of Site; Developer Responsibilities; Developer Right of Termination

All portions of the Site, and any improvements thereon, which are conveyed to the Developer by the Agency shall be conveyed in an "as is" condition, with no warranty, express or implied, by the Agency as to the condition of the soil, its geology, the presence of known or unknown faults, the presence of Hazardous Materials, or the suitability of the Site for the development purposes intended hereunder. Agency shall not be responsible for any patent or latent defect or change of condition in the Site. It shall be the sole responsibility of the Developer, at the Developer's sole cost and expense, to investigate and determine the soil and other physical conditions of the Site and the suitability of the Site for the development to be constructed by Developer. If the soil conditions of the Site, or any part thereof, are not in all respects entirely suitable for the use or uses to which the Site will be put, then, subject to the rights of Developer to terminate this Agreement and the Agency rights to assume the obligations of this Section 211 set forth in Section 510 hereinbelow, it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the Site and the soil conditions thereof in all respects in a condition entirely suitable for the development of the Site as described in the Scope of Development (Attachment No. 4) and this Agreement, which may include demolishing, clearing or moving buildings, structures or other improvements, and removal and monitoring of Hazardous Materials.

B. Developer's Covenant to Comply with Environmental Laws

Upon conveyance of the Site to the Developer, Developer shall never cause or, with Developer's actual knowledge, permit any Hazardous Materials to be placed, held, located, used, released, generated, stored or disposed of on, under or at the Site or any part thereof or disposed of or discharged from the Site into the atmosphere, soil or any watercourse, body of water or wetlands, at any time during the term of the lease, except to the extent placed or used on the Site in the manner permitted by applicable law.

C. Violation of Developer's Covenant

If Developer causes or, with Developer's actual knowledge, permits any Hazardous Materials to be placed, held, located, used or disposed of on, under or at the Site in violation of Developer's covenants set forth in

Section 211.B above, Developer shall contain, abate or control such Hazardous Materials and, if necessary, remove and dispose of same in accordance with all applicable laws and legal requirements. If Developer fails to take such action within (a) sixty (60) days after Developer's receipt of notice from Agency or any governmental agency having jurisdiction thereover requiring Developer to undertake such action (or such longer period as reasonably may be required, provided Developer is diligently attempting to complete such action), or (b) such shorter period of time as may be required by any applicable law or legal requirement, then Agency may (but shall not be obligated to) cause such action to be taken by a third party contractor or contractors after giving Developer at least ten (10) days notice of its intention to do so, and the amount of any cost, expense or expenditure therefor shall be paid immediately to Agency by Developer.

D. Developer Indemnification

Developer hereby indemnifies and agrees to defend and hold the Agency and the City and their respective officers, employees and consultants harmless from and against any and all present and future demands, suits, legal and administrative proceedings and from and against all liability for damages, losses, costs, fines, fees, penalties, expenses, charges and/or claims of any kind whatsoever which at any time or from time to time may be paid, incurred or suffered by, or asserted against, Agency and/or City and their respective officers, employees and consultants, arising out of or in any way connected with the Developer's use, maintenance, ownership or operation of the Site, and/or for, with respect to or as a direct or indirect result of, the violation by Developer of its covenant contained in Section 211.B above.

E. Agency Indemnification

Agency hereby indemnifies and agrees to defend and hold Developer and its officers, employees and consultants harmless from and against any and all present and future demands, suits, legal and administrative proceedings and from and against all liability for damages, losses, costs, fines, fees, penalties, expenses, charges and/or claims of any kind whatsoever which at any time or from time to time may be paid, incurred or suffered by, or asserted against, Developer and its officers, employees and consultants, arising out of or in any way connected with (i) the existence of Hazardous Materials contamination on, under, in or about the Site prior to the commencement of the term of the lease of the Site to Developer; and/or (ii) the release, use, generation, discharge, storage, disposal, or transportation of Hazardous Materials on, under, in or about, to or from the Site by City and/or Agency.

F. Definition of "Hazardous Materials"

"Hazardous Materials" shall mean for purposes of this Agreement any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "acutely hazardous waste," "restricted hazardous waste," "extremely hazardous waste," "hazardous substance," or "hazardous material" under any statute or regulation of the State of California, (ii) petroleum, (iii) asbestos, (iv) polychlorinated biphenyls, (v) defined as "hazardous waste" or "hazardous substance" under any statute or regulation of the United States Government, (vi) methyl-tert butyl ether, or (vii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any governmental requirement of any kind either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined in any way as "hazardous" or harmful to the environment.

G. Survival

Developer's liability for the undertakings and indemnifications set out in this Section 211 shall survive the termination of the lease of the Site.

§212. Evidence of Financing

Within the time established therefor in the Schedule of Performance (Attachment No. 3), Developer shall submit to the Agency evidence reasonably satisfactory to the Agency that the Developer has obtained sufficient equity capital and commitments for the financing necessary for the rehabilitation and development of the Site in accordance with this Agreement (the "Evidence of Financing"). The Agency shall approve or disapprove such Evidence of Financing within the time established in the Schedule of Performance.

The Evidence of Financing shall include cash equity in the form of the maintenance of cash balances in financial institutions and evidence of the availability of such funds for the development of the Culver Theater Improvements plus a back-up financing commitment evidencing the ability of Developer to borrow the balance of funds needed for the development of the Culver Theater Improvements over and above the sum of (i) such proven availability cash at close of escrow and (ii) the receipt of donations and other fund-raising proceeds over the course of construction and development.

§213. Real Estate Commissions

Neither party shall be liable for any real estate commissions or brokerage fees, which may arise herefrom. The Agency and Developer represent that it has engaged no broker, agent, finder or third party in connection with this transaction. Each Party hereby indemnifies the other from and against any and all costs, claims and judgments arising out of or related to the services of any broker or finder in connection with the Site engaged by the indemnifying party.

§214. Preliminary Work by the Developer

Prior to the conveyance of the Site, Agency shall permit Developer to enter the Site for the purpose of soils testing, survey work and other redevelopment activities and shall use its best efforts to secure the right of entry to the Site on non-Agency owned property for representation of Developer at all reasonable times for the same purpose. The Agency agrees to provide, or cause to be provided, to Developer, all data and information pertaining to the Site which is available to the Agency when requested by Developer. Developer shall defend, indemnify, and hold Agency and City harmless for any injury or damages arising out of any activity pursuant to this Section 214.

§300. DEVELOPMENT OF THE SITE

§301. Development of the Site by the Developer

§301.1. Scope of Development

The Site shall be developed within the limitations established in the Scope of Development attached hereto as Attachment No. 4 (which attachment is incorporated herein by this reference), and plans approved by the Agency pursuant hereto, designed by an architect approved by the Agency.

§301.2. Site Plan Concept Drawings

Within the time set forth in the Schedule of Performance, the Developer shall prepare and submit to the Agency for its approval Site Plan Concept Drawings and related documents containing the overall plan for development of the Site. The Site shall be developed as established in the Site Plan Concept Drawings except as changes may be mutually agreed upon between the Agency and the Developer. Any such proposed changes shall be within the limitations of the Scope of Development. Site Plan

Concept Drawings are hereby generally defined as preliminary drawings including site plans, elevations, sections and initial landscape design concept drawings.

§301.3. Final Working Drawings and Related Documents

Within the time set forth in the Schedule of Performance, for Parcel A, Developer shall prepare and submit to the Agency final working drawings and related documents for development of the Site for architectural review and written approval. "Final working documents" are hereby generally defined as completed working drawings and specifications, including landscape working drawings necessary to obtain building permits. Agency approval of the documents must be obtained before issuance of the required construction permits by the City of Culver City.

The Agency and the Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any document finally submitted to the Agency can receive prompt and speedy consideration.

If any revisions or correction of plans approved by the Agency shall be required by any governmental official, agency, department or bureau having jurisdiction, the Developer and the Agency shall cooperate in efforts to obtain waiver of such requirements or to develop a mutually acceptable alternative.

§301.4. Agency Approval of Plans, Drawings and Related Documents

The Agency shall have the right of architectural review and approval of all plans and drawings, including any changes therein.

The Agency shall approve or disapprove the plans, drawing and related documents referred to in Section 300 of this Agreement within the times established in the Schedule of Performance (Attachment No. 3). Failure by the Agency to either approve or disapprove such matters within the time frame established in the Schedule of Performance shall be deemed an approval. Any disapproval shall state in writing the reasons for disapproval. The Developer, upon receipt of disapproval based upon powers reserved by the Agency hereunder, shall revise the plans and drawings and related documents and resubmit them to the Agency within thirty (30) days after receipt of the notice of disapproval. Once the Agency has approved drawings in writing, the drawings shall not be later disapproved or modified by the Agency unless by

mutual written agreement of the Developer and the Agency.

If the Developer desires to make any material changes in the construction plans after their approval by the Agency, the Developer shall submit the proposed change to the Agency for its approval. Such change in construction plans shall be deemed approved by the Agency unless rejected, in whole or in part, by written notice thereof within thirty (30) days of submission.

§301.5. Cost of Development

The total cost of preparing the Site and developing the Site shall be borne by the Developer except as otherwise expressly set forth in the Scope of Development, Attachment No. 4 or Financing Plan, Attachment 6.

§302. Schedule of Performance

All work and development of the Site shall be commenced and completed by Developer within the times specified in the Schedule of Performance (Attachment No. 3) or within such reasonable extension of such time as may be granted by the Agency. The Schedule of Performance is subject to revision from time to time, as mutually agreed upon by the Agency and the Developer in writing.

§303. Indemnification During Construction; Bodily Injury and Property Damage Insurance

The Developer agrees to and shall defend, release, indemnify and hold harmless the Agency and the City and their respective officers and employees from and against any and all claims, actions, liabilities, penalties, charges, loss, damage, costs and expenses of any kind whatsoever (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person which shall occur directly or indirectly as a result of or in connection with the acts of or on behalf of the Developer in connection with the development of the Site, whether such damage shall occur or be discovered before or after termination of this Agreement.

Developer shall maintain at Developer's own expense, with a reputable and financially responsible insurance company acceptable to Agency, for the mutual benefit of Developer and City and Agency as additional insureds, comprehensive broad form general public liability insurance against claims and liability for personal injury, death or property damage arising from the use, occupancy, misuse or condition of the Site, the

improvements thereon, or any adjoining areas or ways, which insurance shall provide combined single limit protection of at least Five Million Dollars (\$5,000,000) for bodily injury or death to one or more persons, and at least Two Million Dollars (\$2,000,000) for property damage. Said insurance coverage shall commence on the delivery of possession pursuant to execution of the Disposition and Development Agreement and continuing throughout the term of the Agreement, until such time as the Agency issues a Certificate of Completion. Prior to delivery of possession pursuant to execution of the Disposition and Development Agreement the Developer shall furnish or cause to be furnished to the Agency duplicate originals or appropriate certificates of bodily injury and property damage insurance policies that conform to the requirements of this Section 303. Endorsements shall be obtained for the policies providing the above insurance in a form acceptable to Agency providing for at least thirty (30) days written notice to the Agency prior to the termination or cancellation or reduction of such policies, and providing that such policies shall be primary insurance and not contributing with any other insurance maintained by the City or the Agency.

§304. City and Other Governmental Agency Permits

Before commencement of construction or development of any buildings, structures or other work of improvement upon the Site, the Developer shall at its own expense secure or cause to be secured any and all permits which may be required by the City or any other governmental agency affected by such construction, development or work. The Agency shall reasonably and diligently provide all proper assistance to the Developer in securing these permits.

Environmental Impact Reports for the Redevelopment Project No. 3 and the Culver City Redevelopment Project into which former Redevelopment Project No. 3 was merged have been prepared and certified by the Agency and the City for the Project. To the extent that a further supplemental Environmental Impact Report or other environmental document is required with respect to development under this Agreement, the Agency shall, at its expense, prepare such report or document. The Developer shall provide all information, assistance and cooperation requested by Agency to prepare such report or document.

§305. Local, State and Federal Laws

The Developer shall carry out the construction of the improvements in conformity with all applicable laws, including all applicable federal and state labor standards in conformity with applicable laws.

§306. Anti-Discrimination During Construction

The Developer, for itself and its successors and assigns, agrees that during the construction of improvements on the Site provided for in this Agreement, the Developer will not discriminate against any employee or applicant for employment because of sex, marital status, race, color, religion, creed, national origin, ancestry or handicap.

§307. Encumbrances and Liens

The Developer shall pay when due all real estate taxes and assessments assessed and levied on the Site. The Developer shall not place or allow to be placed on the Site any mortgage, trust deed, encumbrance or lien unauthorized by this Agreement. This prohibition shall also apply subsequent to the recordation of a Certificate of Completion as provided in Section 314 of this Agreement.

Developer shall not contest or challenge or protest the assessed value of the Site established for property tax purposes.

§308. Security Financing; Right of Holders§309. Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holder's Right to Cure

Whenever the Agency shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in completion of development work, the Agency shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by this Agreement, a copy of such notice or demand. Each such holder shall (insofar as the rights of the Agency are concerned) have the right at its option, within thirty (30) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the security interest debt and the lien on its security interest. Nothing contained in this Agreement shall be deemed to permit or be deemed to require or authorize such holder to undertake, continue or complete the development work (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement satisfactory to the Agency. The holder in that event must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates, and submit evidence satisfactory to the Agency that it has the qualifications and financial responsibility necessary to perform such obligations. Any such holder properly completing such

improvements shall be entitled, upon written request made to the Agency, to a Certificate of Completion from the Agency.

§310. Right of Agency to Satisfy Other Liens on the Property After Lease Passes

After the conveyance of leasehold interest and prior to the recordation of a Certificate of Completion for development and after the Developer has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on the Site, the Agency shall have the right to satisfy any such liens or encumbrances; provided, however, that nothing in this Agreement shall require the Developer to pay or make provision for the payment of any tax, assessment, lien or charge so long as the Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Site to forfeiture of sale.

§311. Certificate of Completion

Promptly after completion of all development to be completed by the Developer upon the Site, the Agency shall furnish the Developer with a Certificate of Completion upon written request therefor by the Developer. The Certificate of Completion shall be in the form attached hereto and made a part of as Attachment No. 8. Such Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site, and of full compliance with the terms hereof with respect to the Site. Neither the Agency nor any other person, after issuance of a Certificate of Completion, shall have any rights, remedies or controls that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties shall be limited to those set forth in the lease.

A Certificate of Completion shall be in such form as to permit it to be recorded in the Recorder's office of Los Angeles County.

If the Agency refuses or fails to furnish a Certificate of Completion for the Site after written request from the Developer the Agency shall, within thirty (30) days of the written request, provide the Developer with a written statement of the reasons the Agency refused or failed to furnish a Certificate of Completion. The statement shall also contain the Agency's opinion of the action the Developer must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate availability of specific items of materials for landscaping or fine arts, or if the Developer's delay is due to circumstances described in Section 606 hereinbelow, the Agency may issue its Certificate of Completion upon the

posting of a bond by the Developer with the Agency in an amount representing a fair value of the work not yet completed. If the Agency shall have failed to provide such written statement within said 30-day period, the Developer shall be deemed entitled to the Certificate of Completion.

Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage or any insurer of a mortgage security money loaned to finance the improvements or any part thereof. Such Certificate of Completion is not a Notice of Completion as referred to in the California Civil Code, Section 3093.

The requirements of this Section shall not preclude recording by the Developer of a Notice of Completion prior to the Certificate of Completion being recorded so that lien periods can commence to run.

§400. USES OF THE SITE

§401. Uses

The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any portion thereof, or any interest therein, that during construction and thereafter, the Developer, such successors and such assignees shall:

- a. Develop, use and maintain the Site solely in accordance with the Scope of Development and all plans approved by the Agency pursuant hereto, and to use the Site and cause the Site to be used and operated by a public benefit corporation recognized pursuant to Internal Revenue Code Section 501(c)(3) or equivalent statute in accordance with the Scope of Development, Attachment No. 4 for live theater, other performing art such as music, dance and occasional showings of films and ancillary purposes only. Any adult uses prohibited by the Culver City Municipal Ordinance Chapter 11.13 or other ordinances of the City shall be prohibited.
- b. Not discriminate upon the basis of race, color, ancestry, national origin, sex, marital status, creed, religion or handicap in the lease or rental or in the use or occupancy of the Site, or any improvements erected or to be erected thereon, or any part thereof.
- c. Maintain the improvements on the Site and keep the Site free from any accumulation of debris or waste materials and maintain the landscaping required to be planted under the Scope of Development in a healthy condition.

- d. Comply with the conditions of public use identified in the Lease, Attachment No. 7.

§402. Obligation to Refrain from Discrimination

There shall be no discrimination against or segregation of any persons, or group of persons, on account of race, color, ancestry, national origin, sex, marital status, creed, religion or handicap in the sale, sublease, transfer, use, occupancy, tenure or enjoyment of the Site; nor shall the Developer himself or any person claiming under or through him 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, subtenants, sublessees or vendees of the Site.

§403. Form of Nondiscrimination and Nonsegregation Clauses

The Developer shall refrain from restricting the rental, sale or lease of the property on the basis of sex, marital status, race, color, religion, creed, ancestry, national origin or disability of any person. All such leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons on account of sex, marital status, race, color, religion, creed, national origin, ancestry or disability in the leasing, subleasing, transferring, use or enjoyment of the land herein leased; nor shall the lessee himself, or any person claiming under or through him, 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, sublessees, subtenants or vendees in the land herein leased."

2. In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of sex, marital status, race, color, religion, creed, national origin, ancestry or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land; nor shall the transferee himself or any person claiming under or through him, 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, subtenants, sublessees or vendees of the land."

\$500. DEFAULTS, REMEDIES AND TERMINATION

\$501. Defaults - General

Subject to the extensions of time set forth in Section 606, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, and except as otherwise expressly provided in this Agreement, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or any such rights or remedies or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

The defaulting party must cure the default within thirty (30) days after the date of the notice of default.

\$502. Legal Actions

\$503. Institution of Legal Actions

In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in an appropriate Municipal Court in that County, or in the Federal District Court in the Central District of California.

\$504. Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

§505. Acceptance of Service of Process

In the event that any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Chairman or Executive Director of the Agency or in such other manner as may be provided by law.

In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service upon an officer of the Developer or in such other manner as may be provided by law, and shall be valid whether made within or without the State of California.

§506. Rights and Remedies Are Cumulative

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other party.

§507. Damages

If either the Developer or the Agency defaults with regard to any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon defaulting party. If the default is not cured or commenced to be cured by the defaulting party within thirty (30) days after service of the notice of default, the defaulting party shall be liable to the other party for any actual and direct damages caused by such default. Neither the Developer nor the Agency shall be liable for consequential damages as a result of any breach of any obligation of this Agreement.

§508. Specific Performance

If either the Developer or the Agency defaults under any of the provisions of this Agreement, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not commenced to be cured by the defaulting party within thirty (30) days of service of the notice of default, the non-defaulting party at its option may institute an action for specific performance of the terms of this Agreement.

§509. Remedies and Rights of Termination Prior to Conveyance

§510. Termination by Developer

The Developer at its option may terminate this Agreement if (a) the Agency in violation of this Agreement does not tender conveyance of leasehold interest to the Site or possession thereof in the manner and condition and within the time established therefor in the Schedule of Performance, and such failure is not cured within thirty (30) days after written demand by the Developer, or (b) Developer discovers the presence of Hazardous Materials on, in or under the Site which results in the infeasibility of the rehabilitation and development of the Site, or which costs more than the Remediation Threshold Amount, and so notifies the Agency within thirty (30) days of the Developer's discovery of the presence of such Hazardous Materials, and Agency does not agree within such 30 day notice period to pay for the amount by which such costs arising from such Hazardous Materials presence exceeds the Remediation Threshold.

In the event of such termination the Agency shall return all funds deposited with the Agency by the Developer and neither the Agency nor the Developer shall have any further rights against or liability to the other with respect to the Site or any improvements to be developed or constructed thereon or any matter from which the right to terminate arose.

For purposes of this Section 510 the "Remediation Threshold Amount" shall mean an amount equal to One Hundred Thousand Dollars (\$100,000), adjusted upward as of the first January 1st after the issuance by the Agency of the Certificate of Completion for the redevelopment of Parcel A of the Site, and each January 1st thereafter as provided herein ("Adjustment Dates"). Such annual adjustment shall be calculated upon the basis of the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index of Urban Wage Earners and Clerical Workers, Los Angeles - Long Beach - Anaheim Average, All Items (1982-84 = 100) (the "Index"). The Index published and in effect ninety days prior to the effective date of this Agreement shall be considered the "Base Year Index." On each Adjustment Date the Remediation Threshold Amount shall be adjusted to equal the product obtained by multiplying (i) \$100,000 and (ii) a fraction, the numerator of which is the Index published and in effect ninety (90) days preceding the Adjustment Date, and the denominator of which is the Base Index. In no event shall the Remediation Threshold Amount on any Adjustment Date be reduced, and in no event shall the Remediation Threshold Amount be adjusted on any Adjustment Date by more than an annual amount of three percent (3%).

§511. Termination by the Agency

- a. In the event that the Developer shall fail to take title or possession to the Site under a tender of conveyance by the Agency then the Agency shall deliver a written demand to the Developer to cure such failure within thirty (30) days after the date of receipt of such demand. In the event that such failure is not cured within said thirty (30) day period, then the Agency, at its option and upon written notice to the Developer, may terminate this Agreement as to any portion of the Site which is unconveyed.
- b. In the event that the Developer shall assign or Transfer or attempt to assign or Transfer this Agreement (or any rights herein), or shall sell, Transfer, convey, assign, or lease the whole or any part of the Site (or any portion thereof) or of the improvements to be constructed thereon, in violation of this Agreement, then the Agency shall deliver a written demand to the Developer to void, cancel, rescind and terminate such assignment, sale, transfer, conveyance or lease within thirty (30) days after the date of receipt of such demand. If such assignment, sale, Transfer, conveyance or lease is not voided, cancelled, rescinded and terminated within said thirty (30) day period, then the Agency at its option and upon written notice to the Developer, may terminate this Agreement with respect to the Site not yet conveyed.
- c. In the event that the Developer shall fail to submit to the Agency the Site Plan Concept Drawings and/or the Final Drawings and Related Documents as required by Sections 301.2 and 301.3 of this Agreement or the Evidence of Financing as required by Section 212 of this Agreement, then Agency shall deliver a written demand to the Developer to cure such failure within thirty (30) days after the receipt of such demand. In the event that such failure is not cured within said thirty (30) day period, then the Agency, at its option and upon written notice to the Developer, may terminate this Agreement as to any portion of the Site which is not yet conveyed.
- d. In the event that the Developer is in default of this Agreement and has failed to cure the default within thirty (30) days after receipt of notice of default, then the Agency, at its option and upon written notice to the Developer, may terminate this Agreement as to any portion of the Site which is not yet conveyed.

§512. Right of Reverter

The Agency shall have the additional right, at its option, to re-enter and take possession of the Site conveyed by the Agency to the Developer,

with all improvements thereon, and revest in the Agency the estate theretofore conveyed to the Developer if after conveyance of leasehold interest and prior to recordation of the Certificate of Completion, the Developer (or its successors in interest) shall:

- a. Fails to proceed with the construction of improvements as required by this Agreement for a period of three (3) months, plus any extension as may be granted pursuant to Section 606 of this Agreement, after written notice thereof from the Agency and as to Parcel A and Parcel B respectively, fails to proceed with the construction of the Parcel A improvement and the Parcel B improvements as required by this Agreement for a period of three (3) months, plus any extension as may be granted pursuant to Section 606 of this Agreement, after written notice thereof from the Agency.
- b. Abandon or substantially suspend construction of improvements for a period of three (3) months after written notice of such abandonment or suspension from the Agency and as to the Parcel A respectively abandons or substantially suspends construction of the Parcel A improvements.
- c. Transfer or suffer any involuntary transfer of the site or any part thereof, in violation of this Agreement.

Such right to repurchase, re-enter and repossess shall be subject to and be limited by and shall not defeat, render invalid, or limit:

- a. Any mortgage, deed or trust or other security instrument permitted by this Agreement.
- b. Any rights or interests provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments.

The lease or leases shall contain appropriate reference and provision to give effect to the Agency's right, as set forth in this Section 512.

§600. GENERAL PROVISIONS

§601. Good Faith Deposit

Concurrently with the execution of this Agreement by Developer and Agency, the Developer shall deliver to the Agency a Good Faith Deposit as security for the performance of the obligations of the Developer to be performed prior to the return of the deposit to the Developer, or its

retention by the Agency in accordance with the provisions of this Agreement. The Good Faith Deposit shall be the amount of Twenty-Five Thousand Dollars (\$25,000).

The Good Faith Deposit, at the option of the Developer, may be in the form of: (i) cash; or (ii) cashier's or certified check; or (iii) negotiable certificates of deposit issued by a federal or state bank; or (iv) irrevocable Letter of Credit issued by a federal or state bank payable to the Agency; or (v) any combination of such checks, certificates of deposit, Letter of Credit and cash. The form of the Good Faith Deposit other than cash or certified check must be approved by Agency Counsel. The Good Faith Deposit, if cash or certified or cashier's check, at the direction of Developer, shall be deposited in an interest-bearing account of the Agency in a bank or trust company selected by mutual agreement of Developer and Agency.

The Agency shall be under no obligation to earn or pay interest on the Good Faith Deposit. If interest shall accrue or be payable on the Good Faith Deposit such interest, when received by the Agency, shall be the property of the Developer and shall be paid to the Developer upon termination of this Agreement, pursuant to Section 510 of this Agreement or upon recordation of a Certificate of Completion pursuant to Section 311 of this Agreement.

Upon termination of this Agreement as provided in Section 511 hereof, or if the Agency determines that the Developer has failed to develop the Site or any portion thereof, as required by this Agreement, the total Good Faith Deposit shall be retained by the Agency as provided therein.

In the event that the Developer completes the construction of the improvements on the Site and has submitted a written request for a Certificate of Completion pursuant to Section 311 of this Agreement but in the reasonable opinion of the Agency the improvements are not consistent with the approved plans for the improvements or with the Scope of Development, Attachment No. 4, the Agency shall retain the Good Faith Deposit until the improvements on the Site are modified to be consistent with the approved plans and the Scope of Development.

If this Agreement shall not have terminated and if no cause for termination then exists, and if the Agency has not made the determination of Developer non-compliance referred to above, then the Agency shall return the Good Faith Deposit upon issuance of a Certificate of Completion by the Agency in accordance with Section 311 of this Agreement.

§602. Notices, Demands and Communications Between the Parties

Notices, demands and communications between the Agency and the Developer shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally to the principal offices of the Agency and the Developer. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section.

§603. Conflict of Interest

No member, official or employee of the Agency shall have any direct or indirect interest in this Agreement, nor shall such member, official or employee participate in any decision relating to the Agreement which is prohibited by law.

§604. Warranty Against Payment of Consideration for Agreement

The Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

§605. Nonliability of Agency Officials and Employees

No member, official or employee of the Agency shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the Agency or for any amount which may become due to the Developer or successor or on any obligation under the terms of this Agreement.

§606. Enforced Delay: Extension of Times of Performance

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor or supplier; acts of the other party; acts of failure to act of any public or governmental agency or entity (other than that acts or failure to act of the Agency or the City shall not excuse performance by the Agency) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall only be for the period of the enforced delay,

which period shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by mutual agreement of the Agency and the Developer. Notwithstanding any provision of this Agreement to the contrary, the lack of funding to complete the development of the Site shall not constitute grounds of enforced delay pursuant to this Section 606.

§607. Inspection of Books and Records

The Agency has the right, upon not less than seventy-two (72) hours' notice, at all reasonable times, to inspect the books and records of the Developer pertaining to the Site as pertinent to the purposes of this Agreement. The Developer also has the right, upon not less than seventy-two (72) hours' notice, at all reasonable times, to inspect the books and records of the Agency pertaining to the Site as pertinent to the purposes of this Agreement.

§608. Plans and Data

Where the Developer does not proceed with the lease and development of the Site and this Agreement is terminated pursuant to Sections 510 or 511 hereof for any reason, the Developer shall deliver to the Agency any and all plans and data concerning the Site which are in fact the property of the Developer, and the Agency or any other person or entity designated by the Agency shall be free to use such plans and data, subject to the contractual requirements of the entity that prepared such plans and data. Developer shall use reasonable good faith efforts to negotiate reasonable use rights for the Agency in its contracts with architects and consultants.

§609. Approval by Agency and Developer

Wherever this Agreement requires the Agency or the Developer to approve any contract, document, plan, specification, drawing or other matter, such approval shall not be unreasonably withheld and shall be made with due diligence.

§610. Relationship Between Agency and Developer

It is hereby acknowledged that the relationship between the Agency and the Developer is not that of a partnership or joint venture and that the Agency and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Developer agrees to indemnify, hold harmless and defend the Agency from any claim made against the Agency arising from a claimed relationship of partnership or joint venture

between the Agency and the Developer with respect to the development, operation, maintenance or management of the Site or the improvements developed thereon by Developer.

§611. Time of Essence

Time is expressly made of the essence with respect to the performance by the Agency and the Developer of each and every obligation and condition of this Agreement.

§700. SPECIAL PROVISIONS

§701. Disclosure Authorization

By executing this Agreement, Developer hereby authorizes, consents and agrees to the disclosure to the Agency by any public or private entity of any information or data deemed necessary by Agency in order to implement the provisions of this Agreement.

702. Estoppel Letters

Each party shall, upon the reasonable request of the other, issue estoppel letters indicating the absence of any default of the requesting party, if such be the case, and the effectiveness of this Agreement, if such be the case and such other information as may be reasonably requested.

§800. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes thirty (30) pages and eight (8) attachments, which constitute the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereto.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Agency or the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Developer.

§900. TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY

This Agreement, when executed by the Developer and delivered to the Agency, must be authorized and executed by the Agency within forty-five (45) days after

date of signature by the Developer or this Agreement shall be void, except to the extent that the Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement. The date of this Agreement shall be the date when the Agreement shall have been signed by the Agency.

§901. COUNTERPARTS

This Agreement may be signed in counterparts, each of which shall be deemed to be an original.

CULVER CITY REDEVELOPMENT AGENCY

Dated _____

By _____

Chairman

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN
General Counsel for the Agency

By _____

CENTER THEATRE GROUP

Dated _____

By _____

Title:

Dated _____

By _____

Title:

§901. COUNTERPARTS

This Agreement may be signed in counterparts, each of which shall be deemed to be an original.

CULVER CITY REDEVELOPMENT AGENCY

Dated _____

By _____

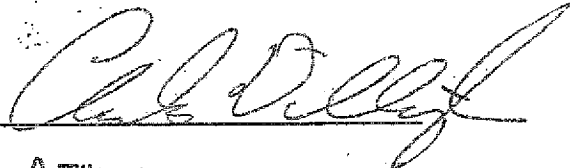
Chairman

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN
General Counsel for the Agency

By _____

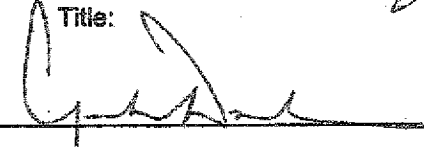
CENTER THEATRE GROUP

Dated _____

By  _____

Title:

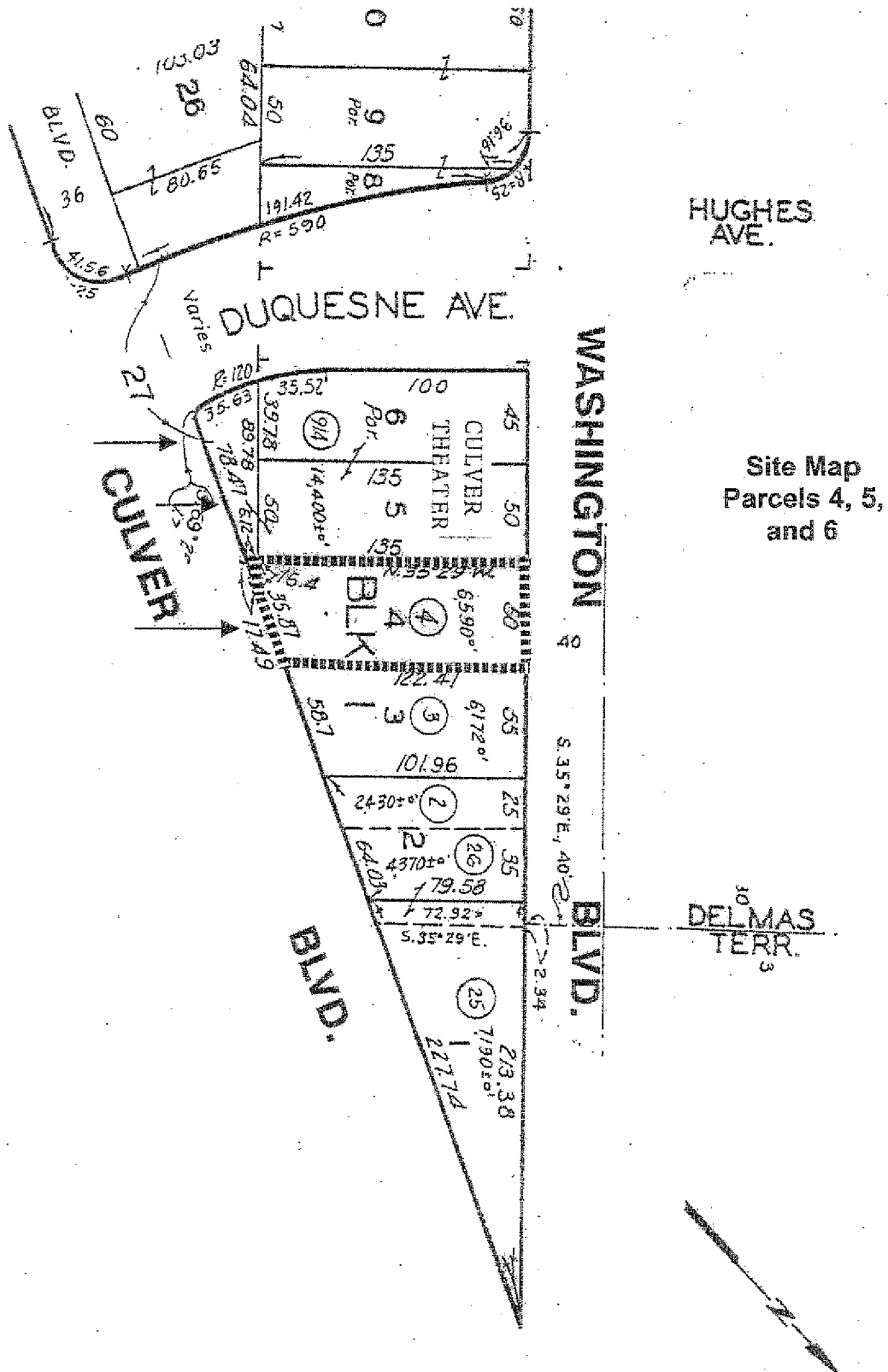
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Title:

ATTACHMENT NO. 1

SITE MAP



ATTACHMENT NO. 2
LEGAL DESCRIPTION OF SITE TO BE LEASED

Parcel A - Culver Theater
APN 4207-006-914 - 9820 Washington Boulevard

PARCEL 1:

LOT 6 AND THAT PORTION OF LOT 27, BLOCK 1 OF TRACT 1775, IN THE CITY OF CULVER CITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 21 PAGES 190 AND 191 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE NORTHWESTERLY LINE OF SAID LOT 27, WHICH IS 66.40 FEET FROM ITS MOST EASTERLY CORNER, AND RUNNING THENCE IN A SOUTHWESTERLY DIRECTION ALONG SAID NORTHWEST LINE 50 FEET; THENCE IN A SOUTHEASTERLY DIRECTION AT RIGHT ANGELES TO SAID NORTHWESTERLY LINE, A DISTANCE OF 43.42 FEET TO A POINT IN THE SOUTHEASTERLY LINE OF SAID LOT; THENCE NORTHEASTERLY ALONG SAID LAST MENTIONED LINE, 53.36 FEET TO A POINT; THENCE NORTHWESTERLY 24.77 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

LOT 5, BLOCK 1 OF TRACT 1775, IN THE CITY OF CULVER CITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 21 PAGES 190 AND 191 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO THAT PORTION OF LOT 27 IN SAID BLOCK, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHWESTERLY LINE OF SAID LOT 27, DISTANT THEREON SOUTH 54 DEGREES 31 MINUTES WEST 16.4 FEET FROM THE MOST NORTHERLY CORNER OF SAID LOT; THENCE SOUTH 54 DEGREES 31 MINUTES WEST ALONG SAID NORTHWESTERLY LINE 50 FEET; THENCE SOUTH 35 DEGREES 29 MINUTES EAST AT RIGHT ANGLES TO SAID NORTHWESTERLY LINE 24.77 FEET; MORE OR LESS, TO THE SOUTHEASTERLY LINE OF SAID LOT; THENCE NORTH 34 DEGREES 03 MINUTES 50 SECONDS EAST, ALONG SAID SOUTHEASTERLY LINE 53.36 FEET, ORE OR LESS TO A POINT WHICH BEARS SOUTH 35 DEGREES 29 MINUTES EAST AT RIGHT ANGLES TO THE NORTHWESTERLY LINE OF SAID LOT, FROM THE POINT OF BEGINNING; THENCE NORTH 35 DEGREES 29 MINUTES WEST 6.12 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

Parcel B

APN 4207-006-004 - 9814 Washington Boulevard

THAT PORTION OF LOT 27, BLOCK 1 OF TRACT NO. 1775, AS PER MAP RECORDED IN BOOK 21 PAGE 190 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING NORTHEASTERLY OF THE SOUTHEASTERLY PROLONGATION OF THE SOUTHWESTERLY LINE OF LOT 4 OF SAID BLOCK 1.

REVISED
ATTACHMENT NO. 3
SCHEDULE OF PERFORMANCE

1.	<u>Execution of Agreement</u> - Agreement authorized, executed and delivered to Developer by Agency	<u>Completed</u>
1.A	Execution of First Implementation Agreement - Agreement authorized, executed and delivered to Developer by Agency	Within 45 days after Developer delivers a signed Agreement to the Agency
2.	<u>Good Faith Deposit</u> - Developer shall deliver to Agency the Good Faith Deposit	Completed
3.	<u>Opening of Escrow</u> - Developer and Agency shall open escrow for lease of the Site by Developer	Completed
4.	<u>Submission Site Plan Concept Drawings</u> - Developer shall prepare and submit to the Agency Site Plan Concept Drawings, application and related information required for City approval (per Section 301.2)	Completed
5.	<u>Approval Site Plan Concept Drawings</u> - Agency shall approve or disapprove the Site Plan Concept Drawings and all City approvals are obtained.	Completed
6.	<u>Submission - Final Working Drawings</u> - Developer shall submit Final Working Drawings to the Agency and City (per Section 301.3)	Within 45 days after the Agency approves the First Implementation Agreement
7.	<u>Developer's Evidence of Final Financing Plan</u> - Developer shall deliver Developer's final evidence of availability and commitment of funds for the development of the project (per Section 212)	No later than 30 days prior to the execution of the Lease of the Site by Developer

8.	<u>Approval of Evidence of Financing</u> - Agency staff shall approve the Evidence of Financing submitted by Developer	No later than 15 days prior to the execution of the Site lease by Agency
9.	<u>Approval Parcel Final Working Drawings</u> - Agency and City staff shall approve or disapprove Final Working Drawings and permits ready for issuance	Within 60 days of submission of plans to Agency
10.	<u>Conveyance of Lease to the Site - Escrow</u> to close with the Agency conveying Lease of the Site to Developer	Within 30 days of City approval to issue construction permits and no later than 450 days from the Agency's execution of the Agreement
11.	<u>Commencement of Parcel Construction</u> - Developer shall commence constructions of the development of the Site	Within 30 days of the conveyance of leasehold
12.	<u>Completion of Parcel Construction</u> - Developer shall complete construction of Parcel A, including but not limited to all required buildings, parking and landscaping	Within 15 months of start of construction
13.	<u>Certificate of Completion Issued</u> - Agency to issue Certificate of Completion to Developer.	Within 30 days after Developer submits request

ATTACHMENT NO. 3
SCHEDULE OF PERFORMANCE

1.	<u>Execution of Agreement</u> - Agreement authorized, executed and delivered to Developer by Agency	Within 45 days after Developer delivers a signed Agreement to the Agency
2.	<u>Good Faith Deposit</u> - Developer shall deliver to Agency the Good Faith Deposit	No later than 15 days after execution of Agreement by Developer
3.	<u>Opening of Escrow</u> - Developer and Agency shall open escrow for lease of the Site by Developer	Within 30 days of Execution of this Agreement by Agency
4.	<u>Submission - Parcel A- Site Plan Concept Drawings</u> - Developer shall prepare and submit to the Agency Site Plan Concept Drawings, application and related information required for Planning approval (per Section 301.2)	Within 180 days of Agency execution of Agreement
5.	<u>Approval - Parcel A- Site Plan Concept Drawings</u> - Agency shall approve or disapprove the Site Plan Concept Drawings and all Planning approvals are obtained.	Within 90 days of receipt by Agency
6.	<u>Submission - Parcel A - Final Working Drawings</u> - Developer shall submit Final Working Drawings to the Agency and City (per Section 301.3)	Within 180 days after the Agency approves the Site Plan Concept Drawings
7.	<u>Developer's Evidence of Final Financing Plan</u> - Developer shall deliver Developer's final evidence of availability and commitment of funds for the development of the project (per Section 211)	No later than 30 days prior to the execution of the Lease of the Site by Developer
8.	<u>Approval of Evidence of Financing</u> - Agency staff shall approve the Evidence of Financing submitted by Developer	No later than 15 days prior to the execution of the Site lease by Agency

[illegible]

ATTACHMENT NO. 4

SCOPE OF DEVELOPMENT

I. DESCRIPTION OF THE SITE

The Site is bounded by Washington Boulevard, Duquesne Avenue and Culver Boulevard as shown on the "Site Map" (Attachment 1 of the Disposition and Development Agreement as set forth in this Agreement.

Parcel A of the Development includes rehabilitation/remodeling of 9820 Washington Boulevard (Culver Theater) APN 4207-006-914.

Parcel B of the Development is subject to the existing Lease Agreement approved November 5, 1995 and amended October 21, 2002, (the "Paskan Lease") between the Agency and Julius Paskan, M.D. (the "Agency Tenant") for the property located at] 9814 Washington Boulevard APN 4207-006-004.

The Site is zoned Downtown Overlay (DO). The zoning of the Site permits the implementation of this Agreement.

The Redevelopment Plan specifies the Site to be devoted to commercial use, which is consistent with this Agreement.

II. PURPOSE OF THE SCOPE OF DEVELOPMENT

The purpose of this Scope of Development is to augment standard Culver City Municipal Code development requirements to better insure development of the Site commensurate with the development opportunity afforded the Developer through this Agreement. The development character intended for the Site will likely help to position the Site and neighboring area as an anchor to the west end of Downtown Culver City/entertainment destination. To this purpose, the Agency hereby finds and declares it necessary to establish the special controls and restrictions, which are set forth herein. The development of the Site shall conform in all respects to the Culver City Municipal Code and this Scope of Development. In the event of conflicting requirements, the more restrictive shall apply.

III. USES PERMITTED

The Site shall be used only for the following uses: live theater, other performing art such as music, dance, occasional showing of films, set, property and costume construction and all activities normally associated

with the preparation and presentation of live performing arts, and ancillary purposes only. Ancillary purposes include, but are not limited to, educational space, related office space, restaurant and gift shop. Any adult uses prohibited by the Culver City Municipal Ordinance Chapter 11.13 or other City Ordinance shall be prohibited. All activities must be conducted in accordance with the requirements for same contained in the Municipal Code, the Redevelopment Plan and this Agreement. This restriction of permitted uses shall be in effect for the term of the Lease.

IV. SCHEDULE AND TIMING

The Site shall be developed in accordance with the Schedule of Performance (Attachment No. 3) as set forth in this Agreement. In general, development of the Site shall be diligently pursued from date of issuance by the City of a building permit through completion of construction and the issuance by the City of a Certificate of Occupancy, and by the Agency of a Certificate of Completion. Except for emergencies as authorized by the Chief Administrative Officer of the City, no construction work (including demolition, grading, utility installation or construction) shall be conducted unless the time requirements set forth in applicable City ordinances, regulations and codes are met.

V. DESCRIPTION OF DEVELOPMENT

Parcel A (9820 Washington Boulevard-Culver Theater) shall be fully rehabilitated. The exterior of the building shall be patched and repaired as needed, and painted. The Marquee and Tower shall be refurbished to their historic nature. The lobby and bathrooms shall be rehabilitated and meet all Americans with Disability Act (ADA) standards. The ground floor of the theater shall consist of a Theater (the "Theater") with seating for 300 to 350 people depending on the configuration of the stage and seating and the second floor shall consist of a classroom/rehearsal space and storage area.

1. The original ticket kiosk will be renovated. A new box office shall be created within the building. Three ticket windows will replace three display cases originally located on the east side of the Washington Boulevard frontage
2. The existing aluminum entry doors will be replaced with suitable new doors.

Parcel B shall be rehabilitated for the approved loading and unloading facilities, construction of props and scenery and the installation of electrical equipment, HVAC equipment and trash collection facilities. There shall be perimeter landscaping and an architectural wall shall be

constructed. Developer shall provide access from the rear of the Tenant's building to Washington Boulevard.

VI. DEVELOPMENT STANDARDS

A. Building Setbacks

The setbacks of all improvements on the Site shall conform to the Zoning Chapter of the Municipal Code.

B. Handicapped Accessibility

The development shall be constructed to be accessible to the handicapped as required by State regulations for new construction.

C. Energy Conservation

To the extent reasonably feasible without causing conflict with other requirements of the Municipal Code or this Scope of Development, the development shall be planned to maximize energy conservation through passive as well as active methods and to minimize shadows cast upon adjoining properties. Every reasonable consideration shall be extended to comply with this performance standard.

D. Parking

Designated parking for Developer's staff shall be made available to the Developer free of charge at City Hall on Level P1 at all times unless and until City employees are charged for such parking. Developer's staff shall be provided with code access to such parking, and the security guard/parking attendant requirements set forth below shall be inapplicable to Developer staff parking.

Developer patron/customer parking will be located at City Hall on Level P1 (1) at all times that City Hall is otherwise open for public use and access, and (2) at all times that City Hall is not open to the public, provided that Developer shall nonetheless provide a minimum of two (2) security guards/parking attendants to open and monitor the City Hall Level P1 parking and the courtyard. Developer shall reimburse the City for the marginal utility costs and marginal clean-up costs of such use, the precise amount of which shall be subject to the reasonable annual agreement of the Agency and the Developer. The lease shall contain appropriate provisions to effectuate the obligations of Developer set forth herein.

Notwithstanding the foregoing, at all times after 6:00 P.M. that the City Hall is open to the public, and Developer desires to utilize P1 parking for itself or its patrons/customers, Developer shall provide a minimum of one (1) security guard/parking attendant to monitor the City Hall Level P1 parking and the courtyard.

Developer agrees that commencing five (5) years after the issuance by City of the Certificate of Occupancy for Parcel A, Agency may at its sole discretion charge for parking in City Hall by Developer patrons/customers and, in the event City employees are charged for such parking, by Developer's staff. If so, the amount charged to Developer patrons/customers, and, if applicable, Developer's staff, for such parking shall not be greater than the Agency and City parking rates in the Downtown area for public parking facilities, and shall be set at a rate which the Agency determines does not discourage patrons and customers from using the parking to attend Theatrical Presentations at the Site. Agency agrees to consult with Developer prior to establishing any such parking charges. The Agency shall not charge Developer or its patrons/customers or staff for parking at any time the public is offered free parking at City Hall.

E. Access and Circulation

1. Driveway/Curbcuts

Driveway curbcut locations shall be subject to the approval of the Community Development Director and City Engineer as detailed on the construction documents.

2. Loading

Developer shall prepare and submit, concurrently with the submission of the Site Plan Concept Drawings, a plan for the Site loading and refuse collection for review and approval by the Community Development Director and City Engineer. The loading shall be from Culver Boulevard. Ingress and egress of trucks used for loading shall occur during the times approved by the City Engineer in accordance with the approved Site Plan, as it may be changed with the approval of the City from time to time.

F. Landscaping

All unbuilt setback areas not devoted to vehicular or pedestrian ways shall be landscaped. Landscaping may include decorative paving subject to Agency approval. The Public Art, "Truth or Fiction", located at the northwest corner of Duquesne and Culver Boulevard shall be considered in all Landscaping Plans. The Artwork must be protected in place, or relocated with plans approved by the City's Public Art Coordinator.

Landscaping details, including surface cover, quantity, placement of shrubs and irrigation, shall be included with the Preliminary Construction Plans. Landscape details must meet the approval of the City's Environmental Management Division.

All landscaped areas including street trees shall be provided with an automatic sprinkler system and be maintained in a sightly and well-kept condition.

G. Lighting

Site illumination shall include illumination of the Tower and Marquee. There shall provide adequate lighting around the perimeter of the building. A lighting plan shall be included in the conceptual plan to be reviewed by the Agency.

H. Signs

1. Roof Top Screening

All mechanical or electrical support equipment including but not limited to motors compressors and air conditioning or heating units, and all vents, shafts, duct work, skylights, pipes and similar equipment or devices on or projecting through thereof or exterior walls of the building shall be screened from view from adjoining properties on a horizontal line of sight basis by the primary or integral architectural features or elements of the building. Such screening shall be subject to the approval of the Agency; provided; however that Agency shall not require that the roof be covered from above.

2. Ground Level Screening

All above ground transformers and other electrical or mechanical equipment shall be enclosed within masonry wall

structures of the same exterior material, finish and color as the buildings and shall be located interior to a security fencing on the Site, if required. Such structures shall fully screen the trash areas and mechanical or electrical equipment from view from adjacent rights-of-way and be subject to Community Development Direct and Agency approval.

3. Marquee

Unless otherwise first approved in writing by the Agency, the existing marquee shall be repaired or replaced in a manner consistent with the Landmark Historic designation of the building, and the two cursive script signs saying "Culver" shall be retained. The marquee may be fitted with an electric sign under the current "Culver" lettering and the center finial to announce program and other information. The Agency agrees not to disapprove a proposed sign based on the location of the sign in one of the areas marked as "Permitted Sign Location" on the "Permitted Sign Location Exhibit" attached hereto, labeled "Exhibit A" and incorporated herein by this reference; provided however that nothing herein shall constitute an approval of the number, design or content of signs, which shall be subject to the approval of the Agency and the City.

4. Tower

Unless otherwise first approved in writing by the Agency, the existing tower shall be repaired or replaced in a manner consistent with the Landmark Historic designation of the building, and the Developer shall retain the name "CULVER" on all four sides of the tower.

5. New Signs

Subject to the provisions of the immediately preceding two paragraphs ("3. Marquee" and "4. Tower"), (i) Agency acknowledges the Developer's right to rename the theater the "Kirk Douglas Theatre" and (ii) signage for the theater will be modified to reflect the new name of the theater and its constituent spaces and stages. Notwithstanding the foregoing, the initial promotional materials shall reflect the location of the theater in Culver City and located at the historic "Culver Theater." Subsequent material will reference the location of the theater in Culver City. The

Agency agrees not to disapprove a proposed sign based on the location of the sign in one of the areas marked as "Permitted Sign Location" on the "Permitted Sign Location Exhibit" attached hereto, labeled "Exhibit A" and incorporated herein by this reference; provided however that nothing herein shall constitute an approval of the number, design or content of signs, which shall be subject to the approval of the Agency and the City.

J. Architectural Design

The primary building on the Site is designated as a □Landmark□ Historic building by the City of Culver City. Plans for the redevelopment of the exterior of the building shall be subject to review and approval by the City Planning Department for consistency with the United States Department of Interior's Standards for Rehabilitation for Historic Buildings. If the primary building is accepted on the State or National Registry of Points of Interest, then it shall comply with the requirements of the designation. The Initial Study utilized by the Agency to comply with the California Environmental Quality Act in connection with its consideration of this agreement contains an updated inventory of the character defining features of the building's exterior and an analysis of any environmental issues associated with the description of the project set forth in paragraph V above. Any new building or additions on the Site shall be compatible with the architectural design of the primary building.

VII. CONCEPT PLANS

A Site Plan Concept Drawing for the development of the Site and landscaping shall be prepared by the Developer and submitted to the Agency for review. City and Agency's review of the Site Plan Concept Drawing shall include the requirements of this Scope of Development as well as City zoning and other Municipal Code requirements. The Site Plan Concept Drawing is subject to future modifications resulting from staff review and City Site Plan Review.

VIII. DEMOLITION CONSTRUCTION, SITE PREPARATION AND PUBLIC IMPROVEMENTS RESPONSIBILITIES

The Developer shall be responsible for the construction on Site of all proposed improvements; including but not limited to all buildings, fencing, landscaping, mechanical or electrical equipment, utility service facilities and refuse enclosures.

IX. DESCRIPTION OF REVIEW PROCESS FOR DEVELOPMENT

Attachment No. 3 (Schedule of Performance) outlines the steps involved in the review of plans for the implementation of the development of the Site.

X. RESPONSIBILITY FOR SECURING PERMITS AND PAYMENT OF APPLICABLE FEES

Nothing contained in this Scope of Development or in this Agreement shall be construed in any way to exempt the securing of all permits and the paying of all fees required by developers, including but not limited to, permits and fees for site plan review, certificate of appropriateness, conditional use permit, and building permit.

XI. CITY ZONING, ARCHITECTURAL AND OTHER REQUIREMENTS

The City of Culver City has adopted zoning, architectural and other requirements relating to the development of land within its jurisdiction. These requirements shall be adhered to in the planning and implementation of all developments. Any requirements contained in this Scope of Development shall be construed as being in addition to City requirements, except that in any case the more restrictive requirements shall apply.

XII. PRIVATE CONDITIONS, COVENANTS AND RESTRICTIONS

Nothing contained herein shall preclude the Developer from establishing conditions, covenants and restrictions on the development and use of the site, which are not inconsistent with this Agreement. Such conditions, covenants and restrictions shall not be enforceable by the City or the Agency.

XIV. USE AND OPERATIONAL REQUIREMENTS INCLUDING CIVIC, PUBLIC AND COMMUNITY USE AND ACCESS

A. Definition of Theatrical Presentations

Developer shall undertake the production of live Theatrical Presentations, through its own efforts or in cooperation or by agreement with other performing artists, to the end that the Theater will be in operation for the benefit of the public as continuously as is reasonably feasible. For the purposes of this agreement "Theatrical Presentations" shall be construed to mean live theater, other performing art such as music, dance and occasional showings of films of limited duration; readings, lectures and

workshop presentations open to the public; and related classes open to the public for enrollment.

The emphasis of the theater shall be to provide a permanent home for existing Developer programs, increase Theater programs available to young artists/audiences, and encourage development for new work/new artists.

B. Minimum Performance Requirements

1. There shall be no minimum performance requirements for Theatrical Presentations at the Site from the issuance by the City of the Certificate of Occupancy until the first August 31 that occurs at least six (6) months after said issuance (the "Initial Season").

2. There shall be a minimum performance requirement of the Developer of one hundred (100) Theatrical Presentations at the Site for the one-year period following the Initial Season (the "Second Season").

3. There shall be a minimum performance requirement of the Developer of one hundred and fifty (150) Theatrical Presentations during each one-year period ("Season") following the Second Season. If Developer fails to meet these minimum performance requirements during any Season, then the Agency may terminate the Lease, subject to the notice and cure provisions of said Lease.

4. If there are no Theatrical Presentations during any one hundred and twenty (120) day period following the conclusion of the Initial Season, then the Agency may terminate the Lease, subject to the notice and cure provisions of said Lease.

5. The Lease shall contain notice and cure provisions to apply in the event of default by Developer related to the minimum performance requirements set forth above. If at any time Developer has failed to meet its minimum performance requirements for any Season, the Agency shall be entitled to send a notice of default to Developer. Further, such notice and cure provisions shall require Developer to diligently proceed to cure any such default and to take the following steps: submitting to the Agency within six (6) months of the notice of default a plan to cure the default (the "Draft Cure Plan"); obtaining the Agency's approval of the Draft Cure Plan (as approved, the "Approved Cure Plan"); and implementing the Approved Cure Plan. Developer shall have six (6) months from the date of the Agency's approval of the Approved Cure Plan to comply with and implement the Approved Cure Plan; provided, however, that if it Developer fails to submit a Draft Cure Plan acceptable to the Agency within six (6) months from the Agency's notice of default, or it becomes apparent that

Developer has failed to perform under the Approved Cure Plan at any point in time beyond the date that is one (1) year after the Agency's approval of the Approved Cure Plan, then the Agency shall have the right to immediately terminate the lease without any further application of any notice or cure provisions. Unless otherwise provided in the Approved Cure Plan, and without limiting the foregoing rights of the Agency, once the Developer has complied with the Approved Cure Plan for two seasons, the default shall be deemed cured.

C. Community Access

Ten (10) Theater nights in the main theater shall be available annually to Culver City sponsored organizations. Developer may charge those Culver City sponsored organizations granted use of the Theater an amount that does not exceed the Developer's cost to reimburse Developer for the marginal maintenance and/or security and/or operating costs specifically required by such use and for the marginal damages or repairs to such facilities arising from such usage and for any extra cost of liability insurance coverage incurred by Developer arising from such usage. All fees to be charged to Culver City sponsored organizations for the marginal maintenance and/or security and/or operating costs arising from such use shall be submitted for the approval of the Agency's Executive Director or designee in the form of an annual Community Access Plan. The Community Access Plan shall be submitted prior to August 1 of each year for the following calendar year, and shall provide specific procedures to make the Theater open to Culver City sponsored organizations consistent with this Agreement. The Agency's Executive Director shall determine which Culver City sponsored organizations obtain the use of the Theater for the nights required by this paragraph, in the event more applications are received for such use than can be accommodated. Unused nights shall not carryover to the next year.

At the Developer's option, the proposed Community Access plan submitted to the Agency's Executive Director may reduce the number of community access nights otherwise required herein in return for providing a minimum of fifty (50) free Theatrical Presentation tickets for Culver City based non-profit groups for each reduced community access night. If ten (10) performances are made available pursuant to an approved Community Access plan but are not utilized, no tickets are required.

D. Non-Profit Group Tickets

In addition to those tickets which may be provided by the Developer pursuant to the immediately preceding paragraph (paragraph XIV.C above), Developer shall provide a minimum of 150 free tickets for Culver City based non-profit groups each year. Developer shall distribute these

tickets in accordance with the Community Access Plan to be submitted to and approved by the Agency's Executive Director or designee. The annual plan to distribute a minimum of 150 tickets to recipients shall target Culver City Unified School District Culver City based non-profit 501(c)3 organizations and low-income residents, including participants in the City's Housing Programs, and the like.

ATTACHMENT NO. 5

[INTENTIONALLY OMITTED]

ATTACHMENT NO. 6

FINANCING PLAN/LEASE

The Culver City Redevelopment Agency will provide the following financial incentives towards the development of Culver Theater.

Lease of Culver Theater and 9814 Washington Boulevard:

Rent of \$1.00 per parcel, receipt of which is hereby acknowledged by Agency.

Direct Agency funding of \$1,250,000 for Development of Parcel A - Culver Theater. Funds will be distributed in the following method:

25%	At submittal of Working Drawing for Plan Check
25%	At award of construction contract
25%	When Developer has expended \$3,000,000 towards construction
25%	At Issuance of Certificate of Completion