

EXHIBIT "K"

LEASE AGREEMENT FOR FUTURE USE
OF PIER AVENUE SCHOOL

THIS LEASE is made and entered into on the date and year hereinafter set forth between the HERMOSA BEACH CITY SCHOOL DISTRICT (District) and the CITY OF HERMOSA BEACH, a municipal corporation, (City).

ARTICLE 1

RECITAL OF FACTS

1.01 The Hermosa Beach City School District or its successor in interest are hereinafter referred to as "District."

1.02 The City of Hermosa Beach is hereinafter referred to as "City."

1.03 This Agreement provides for limited usage by the District of certain portions of the Pier Avenue School because the District has sold the school to the City for less than fair market value pursuant to Education Code Section 15051, et. seq.

ARTICLE 2

GENERAL CONDITIONS

2.01 The City hereby agrees to permit the District to lease the Pier Avenue School, (as hereinafter set forth in this Agreement Articles 4 and 5), which is more fully described in Exhibit "A" attached to the "Agreement for Sale and Purchase of Real Property," for a period of fifty years in increments set forth in 3.01 beginning on the close of escrow pursuant to the Agreement for Sale and Purchase of Pier Avenue School and ending fifty years thereafter.

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2.06 The use of all the facilities as hereinafter set forth shall be rent free other than the District's paying its proportionate cost of maintenance, utilities, and custodial service costs for the use of the gymnasium, showers, lockers, and tennis courts excluding the auditorium facilities. The consideration for the City's permitting the District to use the premises rent free is that the District is selling the premises to the City for less than fair market value.

ARTICLE 3

OPTION TO RENEW

3.01 The District as set forth in paragraph 2.01 of this agreement is entitled to lease the premises for fifty years in three-year increments subject to the following notice requirements:

(a) For the first term of the renewal even though it is less than a three-year period, the District shall give notice prior to June 30, 1980, to the City as provided - Article 12 of the Sale and Purchase Agreement of its intention to renew the lease for an additional three year period commencing June 30, 1980, and ending on June 30, 1983.

(b) The District or its successor in interest may, at its option, cause the lease to be renewed for an additional three-year period by giving the City notice 60 days prior to July 1 of its intention to extend the lease as hereinafter set forth for an additional three-year period.

(c) The District shall give the City notice as provided above for each successive three-year period thereafter prior to June 30 the third year of each succeeding three-year period.

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2.02 The District's use shall only be during the school year including summer school.

2.03 If for any reason the District ceases to be an independent District or becomes a part of another district through consolidation, the successor district shall have the same right of the District as it is now.

2.04 The District shall secure liability insurance to hold the City free and harmless from all liability and claim for damages by reason of injury to any person or persons, or any property of any kind whatsoever or to whomsoever belonging, from any cause or causes whatsoever while said persons or property are in, upon, or in any way connected with said demised premises during the term of this lease or any extension of this lease.

The lessee agrees to carry and maintain in full force and effect liability insurance in the amount of \$300,000 or an amount equal to the District's coverage in other school activities; whichever is the greater, protecting the City from any liability for any injury to persons or damage to property on or about the leased premises as more fully described in the immediately preceeding paragraph. The District's policy, however, shall only be applicable for any liability or damage incurred during the District's use of the premises as set forth in this lease.

2.05 The District shall hold the City free and harmless for any damages caused to the premises referred to above not covered by insurance wherein such damage was caused or incurred during the District's use of the premises as hereinafter set forth.

(d) If the District fails to give notice to the City of its intention to exercise its option to renew this lease for an additional three-year period on or before June 30 of the third year of three-year period, the City shall give written notice to the District as provided - Article 12 of the Sale and Purchase Agreement and the District shall be granted an additional thirty days from June 30 to exercise its option to renew the lease.

(e) If the City does not give notice as set forth in (d) above then it shall be presumed that the District and the City have agreed that the District has exercised its option to extend the lease for an additional three-year period.

ARTICLE 4

THE USE OF THE AUDITORIUM FACILITIES

4.01 The District shall have priority use of the auditorium for a period of ten days during the school term as set forth above on the condition that the District shall give the City notice as provided in Article 12 of the Sales and Purchase Agreement of the ten days it intends to use the auditorium on or before June 30 of each year.

ARTICLE 5

USE OF THE GYMNASIUM, SHOWERS

LOCKERS AND TENNIS COURTS

5.01 The District shall have the right to use the gymnasium, showers, lockers, and tennis courts of the Pier Avenue School for two consecutive hours during the school day and during the school term as defined in 2.02.

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5.02 In addition to the use set forth immediately above, the District shall have the right to use the facilities, set forth in this paragraph, ten additional days per year at times other than school days and hours.

5.03 The District shall give the City notice of the dates and hours it desires to use the facilities on or before June 30 of each year.

ARTICLE 6

ARBITRATION

6.01 If there is any controversy, dispute or disputes that arise as to the District's right to use or its use of the property, said conflict, dispute or disputes shall be submitted to arbitration as provided in the Arbitration Agreement.

6.02 The procedure set forth in the Arbitration Agreement will be followed in addition to the following guidelines which the arbitrators shall use as factors in making their decision:

(a) The City's refusal to grant the usage set forth herein shall not be arbitrary or capricious.

(b) The City's refusal to grant usage to the District upon consolidation of the District may be permitted if such usage will not be of direct and substantial benefit to students residing in the City of Hermosa Beach.

ARTICLE 7.

TERMINATION

7.01 If the Pier Avenue School facilities are substantially destroyed, the City shall not be under a duty to restore or refurbish the destroyed facilities. However, the City shall be under a duty to use

any monies they receive from any insurance carrier for the destruction to upgrade the remaining Pier Avenue School facilities.

7.02 The District's Lease is terminated to the extent of the destruction of the facilities. However, the District shall have the continued right to use the remaining facilities as set forth in this Agreement.

ARTICLE 8

DEFAULT

8.01 If the District defaults on any of its affirmative duties provided in this lease such as the providing of insurance as agreed, or failure to pay its proportionate share of maintenance, utilities and custodial service for the use of the gymnasium, showers, lockers and tennis courts or failure to pay any damages not covered by insurance then the City may reduce its obligation pursuant to Article

03 of the Sales and Purchase Agreement to the extent the District fails to satisfy its obligation to the City. If there is a dispute as to the amount the District's obligation to the City, said dispute shall be subject to the arbitration as provided for in the Arbitration Agreement.

8.02 If there are no funds in the trust fund provided for in Article 3.03 of the Sales and Purchase Agreement, the City may exercise any remedy provided by law to satisfy the District's alleged obligation to the City.

8.03 If a lawsuit is filed to enforce any obligation owed by the district to the City, the prevailing party shall be entitled to be awarded in addition to damages, attorney fees and court costs.

ARTICLE 9

MISCELLANEOUS PROVISIONS

9.01 This lease is binding, applies to and inures to the benefit of the successors of the City and the successors of the District.

9.02 The captions heading the various Articles of this lease are for convenience and identification only and shall not be deemed to limit or define the contents of their respective paragraphs.

9.03 This agreement constitutes the entire agreement between the parties and cannot be altered, changed, modified, or added to except in writing signed by both parties.

THIS AGREEMENT HAS BEEN EXECUTED BY THE Mayor of the City of Hermosa Beach on behalf of the City on the 28th day of February 1978, and by all the Trustees of the Hermosa Beach City School District in behalf of the District on the 14 day of Feb., 1978.

HERMOSA BEACH CITY SCHOOL DISTRICT

Lynn Schubert
John L. Rogers
Shirley D. Miller
Bonnie D. Grace
Ann Guleser

THE CITY OF HERMOSA BEACH

Mary E. Lyson
Mayor of City of Hermosa Beach

ATTEST:

Barbara Fleming
City Clerk

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Public Corporation, Agency or Political
Subdivision (Civ. Code, Section 1191)

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

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On this 17 day of February In the year 1978
before me, the undersigned a Notary Public, personally appeared, Lynn Schubert and
John L. Rogers and Bonnie D. Grace and Sheila D. Miller and Ann Gubser, known to me
to be Members of the Governing Board of Hermosa Beach City School District of Los
Angeles County, and known to me to be the persons who executed the within instrument
on behalf of said Hermosa Beach City School District of Los Angeles County and
acknowledged to me that such Hermosa Beach City School District of Los Angeles County
executed the same.

Witness my hand and official Seal



Marjorie L. Gilbert
Notary Public in and for said County and
State

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STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On February 28, 1978, before me,

the undersigned, a Notary Public in and for said County and State, personally appeared MARY E. TYSON,

known to me to be the Mayor of THE CITY OF HERMOSA BEACH, a municipal corporation, and BARBARA FLEMING,

known to me to be the City Clerk of said City of Hermosa Beach, the municipal corporation that executed the within and foregoing instrument, and known to me to be the persons who executed the within instrument on behalf of said municipal corporation and acknowledged to me that said municipal corporation executed the same.

WITNESS my hand and Official Seal.



Marie C. Mlacnik
Notary Public in and for said County and State