

the District has fully complied with all the conditions set forth in the laws applicable to the District selling surplus land; and the District's covenant to defend any lawsuits filed hereafter by one who contests the District's right to sell the subject property and hold the City free and harmless therefrom.

e. As a part of the District's grant of the subject property, the Deed shall contain a provision setting forth the District's right to a reversionary interest in the land as follows:

1. The District shall have the right of reentry to the subject property if the City shall ever rezone the property for purposes other than open space or use for parks and recreational purposes; or

2. The City leases or sells said property to entities whose primary purpose is to engage in proprietary or money making activities.

3. The property is ever used for purposes other than open space or parks and recreational purposes.

f. The escrow agent shall do the necessary prorations or adjustments as are required.

g. The escrow shall close on or before November 1, 1977, or be terminated on that date unless the District and the City expressly agree in writing to extend the escrow beyond this date.

ARTICLE 4

FURTHER AGREEMENTS PURSUANT TO THE MEMORANDUM OF UNDERSTANDING

Section 4.01 The escrow agent is not to be concerned with the concepts hereinafter set forth other than a formal document executed

by the District and the City must be submitted to the escrow agent with a recital in the agreement that it is to be made a part of the escrow and is an integral part of the entire transaction. If this agreement is not submitted to the escrow agent, the escrow agent is instructed not to close the escrow.

Section 4.02 The nature of this memorandum of understanding shall be construed as being analogous to a lease in that a part of the consideration for the District selling the subject property to the City for less than fair market value is the District's right to use the subject property facilities without cost as more particularly set forth below; and, conversely, a part of the consideration the City is giving to the District, is allowing the District use of the facilities at the subject property as more particularly set forth below.

Section 4.03 For a period of ten years after the close of escrow the District shall have the first priority to use the Pier Avenue School facilities rent free subject to the following conditions:

a. The District's use of the school facilities shall be conditioned upon the City and District working out a "notice procedure" wherein the City will have adequate notice of the District's intention to use the facilities.

b. The District shall have the right to use classroom facilities at the subject property when and if the District's pupil enrollment exceeds 1,266 pupils in that after the District shall be entitled to the use of one classroom per 28 children enrolled beyond 1,266 pupils.

c. The District shall be entitled to use certain office and storage space at the Pier Avenue School, the square foot area and location to be agreed upon by the District and the City.

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d. The District shall be responsible and shall pay to the City, the cost of maintenance, utilities and any other normal cost for the facilities such as classrooms, office space, storage, showers and lockers used by the District at the Pier Avenue School.

Section 4.04 After the ten year period, the District shall have the continued right to use the school for the purposes set forth above. However, the City shall have the right to charge a reasonable rental for the use of the school facilities by the District. Said rental shall be in accordance with what comparable facilities, zoned open space, educational or recreational purposes charge for like facilities.

Section 4.05 The District acknowledges that the City may wish to take possession of the Pier Avenue School prior to the close of escrow. The City taking possession is conditional upon the District and the City agreeing in writing to this concept. Such an agreement shall embody but not be limited to the following terms and conditions:

a. The City shall keep and maintain the Pier Avenue School in the condition in which the school property now is, normal wear and tear excepted.

b. The City shall secure at its own expense insurance coverage, covering any kind of exposure the District may be subject to including but not limited to liability, exposure, fire or theft loss, etc. and hold the District free and harmless from any loss or claim.

c. If the escrow referred to herein is not completed, the City shall not be entitled to any reimbursement for any expenditures of any kind whatsoever made by the City in connection with the Pier Avenue School unless the District has approved in writing and

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agrees that any major improvement made, shall be at the District's expense if the escrow is not completed.

Section 4.06 The District and the City recognize there are certain safety hazards for school children caused by vehicular traffic at the intersections of Valley, Ardmore and Pier Avenues in the City and the City agrees to provide adequate safety for the children by either providing crossing guards or traffic control signals for this intersection, for the school children using the Pier Avenue School during school hours.

Section 4.07 If the City does not receive the grant referred to above from the Department of Housing and Urban Development, the City and the District agree to negotiate and explore all possibilities or other alternatives wherein the City may acquire the Pier Avenue School from the District.

Section 4.08 If the City receives the grant from the Department of Housing and Urban Development and the City is permitted under the terms of the grant to use the funds for the purchase of the Pier Avenue School, and thereafter elects to use the funds for some other purpose, the City shall pay to the District, as liquidated damages, forthwith, the sum of twenty four thousand dollars (\$24,000).

Section 4.09 If for any reason the district ceases to exist and becomes a part of another district through consolidation, merger, etc, the successor district shall have and be entitled to all the rights of the district including the reversionary rights hereinbefore set forth; however, the successor district shall not be entitled to use, without a new and separate agreement with the city, the classroom, office, and storage facilities on the same terms and conditions as the district.

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Section 4.10 Each and all of the terms, conditions and agreements contained herein shall in every respect be binding upon and shall inure to the benefit of the respective successors in interest of and

assigns of the _____ District or the City.

Section 4.11 Each and every provision of law and each and every clause required by law to be inserted in this Agreement shall be deemed to be inserted herein and the Agreement shall be read and enforced as though they were included herein; and if for any reason such provisions are not inserted, or are not correctly stated, then upon application of either party this Agreement shall forthwith be physically amended to make such insertion or correction.

IN WITNESS WHEREOF, the HERMOSA BEACH CITY SCHOOL DISTRICT has caused this Memorandum of Understanding to be executed by its Board of Education on this _____ day of _____, 1977.

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss

BOARD OF EDUCATION OF THE
HERMOSA BEACH CITY SCHOOL
DISTRICT

Executed before me, the
undersigned, a Notary
Public in and for the
State of California,
this _____ day of _____,
1977.

WITNESS my hand and
official seal.

IN WITNESS WHEREOF, the CITY OF HERMOSA BEACH has caused this Memorandum of Understanding to be executed by its duly authorized officers on this _____ day of _____, 1977.

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss

CITY OF HERMOSA BEACH

Executed before me, the
undersigned, a Notary
Public in and for the
State of California
this _____ day of _____,
1977

By: _____
Title: _____

By: _____
Title: _____

By: _____
Title: _____

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