

EXHIBIT - 1

MEMORANDUM OF UNDERSTANDING

ICE RINK FACILITY

This Memorandum of Understanding (“MOU”) is entered into as of _____, 2006 by and between the CITY OF PASADENA, a California municipal corporation (“City”), and PASADENA ICE SKATING CENTER, LLC, a California limited liability company (hereafter, “PISC”), as follows

Whereas:

- A. The City and Pasadena Ice Rink, a partnership composed of Lud Renick and Fred Culick, the predecessor-in-interest to PISC, entered into that certain Lease No. 9776 dated March 3, 1976, and recorded with the Los Angeles County Recorder’s Office on March 8, 1976, as amended by that certain Lease Agreement Amendment No. 12, 914 dated September 29, 1986, and recorded with the Los Angeles County Recorder’s Office on October 9, 1986 as Instrument No. 86 1363039 (collectively, the “Lease”), whereby the City leased to PISC’s predecessor-in-interest those certain premises commonly described as the Exhibit Hall, located at 300 East Green Street, in the City of Pasadena, County of Los Angeles, State of California, in the area of The Pasadena Center and adjoining the Pasadena Civic Auditorium structure, as more particularly described in the Lease (the “Leased Premises”);
- B. Pursuant to the Lease, Pasadena Ice Skating Center Inc. (“PISC INC”), the predecessor-in-interest to PISC, operates the Pasadena Center Ice Rink on the Leased Premises;
- C. City desires that PISC INC terminate operation of the Pasadena Center Ice Rink and vacate the Leased Premises, as the Leased Premises are necessary for the expansion of the Pasadena Center;
- D. City desires to cause the construction of a new, state of the art Ice Rink facility (the “New Facility”) on City-owned land located between the flood control channel and the Southern California Edison right-of-way, and between Foothill Boulevard and Orange Grove Boulevard, commonly known as 3051 W. Foothill Boulevard;
- E. PISC INC is willing to terminate operation of the Pasadena Center Ice Rink and vacate the Leased Premises, on the terms and conditions set forth herein, including the condition that PISC be the manager of the New Facility;
- F. City is willing to authorize PISC to manage the New Facility, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by this reference and of their mutual covenants and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Construction of New Facility

The City agrees to cause the construction of the New Facility, consisting of two ice rinks with approximately 175 and 125 seats respectively, and including such other amenities as a food preparation area, offices, skate rental, locker rooms, restrooms, showers, lobby/waiting area, small retail shop, a food concession area, all located within an approximately 62,000 square foot structure, and adjacent surface parking. City anticipates that the New Facility will be completed and ready for occupancy by the end of Spring in 2008.

City agrees to coordinate with PISC during the design and construction of the New Facility, and will receive input from PISC regarding the design and construction of the New Facility. PISC hereby concurs with the City's approval of those certain Design Development Drawings prepared by _____ and dated _____. PISC also acknowledges that the City may modify the project scope in the future due to budget constraints.

2. Management Agreement

The City and PISC agree that, on or before the date set forth in Section 6 of this MOU, the parties shall execute the Management Agreement, in the form attached hereto as Exhibit "A" and incorporated herein by this reference, and PISC shall become the manager of the New Facility, subject to the terms and conditions set forth in the Management Agreement.

On or before the date of execution of the Management Agreement, the parties will (a) fill in the blanks in Sections 2.2, 6.8, 6.9, 14.1, 15.0, and Exhibit C (11th bullet point) of the Management Agreement; (b) agree upon and attach Exhibits B, E, F, and G thereto; and (c) update Section 2.5.1, if necessary to reflect any increases in the City's Living Wage.

3. Termination and Release of Obligations Pursuant to Lease

The City and PISC agree that, on or before the date that a Temporary Certificate of Occupancy is issued for the New Facility, the City and PISC INC shall terminate the Lease and PISC shall cause PISC INC to thereafter vacate the Leased Premises, as more particularly set forth in the Termination of Lease, Release, and Waiver of Relocation Benefits attached hereto as Exhibit "B". Subject to Section 5 hereof, the City hereby agrees to release PISC INC from the obligation set forth in Section 25 of the Lease to restore the existing facility to its original condition.

4. No Relocation Benefits

PISC, on behalf of PISC INC, hereby acknowledges that PISC INC is vacating the Leased Premises and moving to the New Facility as part of a voluntary transaction, and that

PISC INC has agreed to vacate the Leased Premises upon the condition that PISC is allowed to manage the New Facility. On behalf of PISC INC, PISC further acknowledges that, in consideration of the Management Agreement and other provisions of this MOU, PISC INC agrees to waive any relocation benefits to which it might otherwise be entitled under either State or Federal law. PISC further acknowledges, on its own behalf and on behalf of PISC INC, that neither PISC nor PISC INC is entitled to any compensation from City as a result of the termination of the Lease and relocation to the New Facility, except as might be set forth in the Management Agreement.

5. PISC Loan

PISC shall contribute the sum of Three Hundred Fifty Thousand Dollars (\$350,000) towards costs associated with termination of the Lease and restoration of the Leased Premises, and towards the cost of installing fixtures in the New Facility. In lieu of cash, the City has agreed to accept a promissory note from PISC, in the form attached hereto as Exhibit C and incorporated herein by this reference (the "PISC Note"). The PISC Note evidences the obligation of PISC to pay to the City the sum of \$350,000, plus interest at a rate of 5.5% per annum (the "PISC Loan"). PISC shall execute the PISC Note on or before the date set forth in Section 6 of this MOU. Repayment of the PISC Loan shall be as set forth in the PISC Note. Should the Management Agreement be terminated prior to the complete repayment of the PISC Loan, PISC will no longer be obligated to repay the PISC Loan.

6. Execution of Implementing Documents

A. In order to implement the agreements set forth in this MOU, the parties agree to execute (or cause to be executed) and exchange the following documents, on or before the date that a Temporary Certificate of Occupancy is issued for the New Facility:

(i) The Management Agreement, in the form attached hereto as Exhibit "A";

(ii) The Termination of Lease, Release, and Waiver of Relocation Benefits, in the form attached hereto as Exhibit "B", and any other documents which may reasonably be requested by City or the title company in order to remove the Lease from record title to the property that includes the Leased Premises (this document to be executed by PISC INC); and

(iii) The PISC Note, in the form attached hereto as Exhibit "C".

B. The parties acknowledge that, in order to be able to execute the Management Agreement by the date set forth above, the following Exhibits to the Management Agreement must be agreed upon and approved prior to that date: "E" (Initial General Fee Schedule), "F" (First Year Budget), and "G" (Income and Cash Flow Performance Standards). PISC shall prepare the draft proposed Budget and General Fee Schedule for Fiscal Year 2007/2008 and submit them to City's Finance Director by March 1, 2007, unless the City has notified PISC prior to that date that the New Facility will not be ready for occupancy prior to July 1, 2008. PISC shall prepare the draft proposed Budget and General Fee Schedule for Fiscal Year 2008/2009 and submit them to City's Finance Director by March 1, 2008. The City will

prepare the initial draft of the Income and Cash Flow Performance Standards. The parties will process the Budget, General Fee Schedule, and Income and Cash Flow Performance Standards in accordance with the procedure and schedule set forth in Sections 8.0 and 9.0 of the Management Agreement.

7. City Assistance

Except as expressly set forth in this MOU or the Management Agreement, City shall have no obligation to provide any assistance to PISC regarding the vacation of the Pasadena Center Facility or establishment of PISC in the New Facility.

8. Expiration; Termination

(a) This MOU shall expire upon the execution of the Management Agreement, Termination of Lease, Release, and Waiver of Relocation Benefits, and the PISC Note, unless earlier terminated, or unless extended in a writing executed by both parties and approved by the City Council.

(b) City may terminate this MOU upon thirty (30) days written notice to PISC, upon (a) a default or breach of this MOU by PISC that is not cured within such thirty (30) day period; or (b) a determination by City to terminate construction of the New Facility. If the City determines to terminate the construction of the New Facility, the City may, at its option, elect either to (i) terminate the Lease and to release PISC from the obligation set forth in Section 25 of the Lease to restore the existing facility to its original condition or (ii) keep the Lease in effect.

(c) PISC may terminate this MOU upon thirty (30) days written notice to City.

(d) If the City terminates this MOU upon a default or breach by PISC, or if PISC terminates this MOU for any reason other than the failure by City to deliver a completed New Facility within thirty-six (36) months of the date of this MOU, PISC shall execute, in recordable form, the Termination of Lease, Release, and Waiver of Relocation Benefits. PISC acknowledges that the City would be irreparably damaged by PISC's failure to execute the Termination of Lease, Release, and Waiver of Relocation Benefits in those circumstances. The parties agree that, in such event, the City shall be entitled to obtain specific performance to cure such failure by PISC.

9. Notices

All notices provided for under this MOU shall be in writing and delivered in person or deposited in the United States mail, postage prepaid and addressed as follows:

To City:

City of Pasadena

117 E. Colorado Blvd.
Pasadena, California 91106
Attention: Finance Director
626-744-4350
626-744-7093 (facsimile)

With a Copy to: City Attorney
1215 N. Marengo Ave., Ste. 100
Pasadena, CA 91101
626-744-4141
626-744-4190 (facsimile)

With a Copy to: Michael Estrada
Richards, Watson & Gershon
355 S. Grand Ave., 40th Floor
Los Angeles, CA 90071
213-626-8484
213-626-0078 (facsimile)

To PISC: Pasadena Ice Skating Center, LLC
310 Green Street
Pasadena, CA _____
Attention:
626-_____ (facsimile)

With a Copy to: Jobe & Stoterau
500 N. Brand, Suite 250
Glendale, California 91203
Attention: Peter Stoterau
818-246-7413
818-246-7414 (facsimile)

Such written notices, demands, correspondence and communications may be sent in the same manner to such other persons and addresses as either party may from time to time designate in writing as provided in this Section. Notice shall be effective upon the date of personal delivery or, in the case of mailing, on the date of delivery or attempted delivery.

9. Counterpart Signatures

This MOU may be executed in any number of counterparts, any one of which may be executed and delivered by facsimile transmission, each of which will be deemed to be an original binding the signing party, and all of which, taken together, shall constitute one and the same agreement.

IN WITNESS WHEREOF, parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date and year first written above.

CITY:

THE CITY OF PASADENA,
a municipal corporation of the State of
California

By: _____
Cynthia J. Kurtz, City Manager

APPROVED AS TO FORM:
Richards, Watson & Gershon

ATTEST:

By: _____
Michael Estrada, Special Counsel

By: _____
Jane Rodriguez, City Clerk

PISC:

PASADENA ICE SKATING CENTER, LLC,
a California limited liability company

By: _____
Name:
Its:

By: _____
Name:
Its:

Exhibit A

Form of Management Agreement

Exhibit B

Form of Termination of Lease, Release, and Waiver of Relocation Benefits

RECORDING REQUESTED BY AND)
 WHEN RECORDED MAIL TO:)
)
 City of Pasadena)
 Housing and Community Development Division)
 649 N. Fair Oaks Avenue, Suite 202)
 P.O. Box 7115)
 Pasadena, CA 91109-9841)
)
 Attn: _____)
)

This document is exempt from the payment of a recording fee pursuant to Government Code Sections 27383 and 6103.

LEASE TERMINATION, WAIVER, AND RELEASE
 (Pasadena Ice Rink)

THIS LEASE TERMINATION, WAIVER, AND RELEASE AGREEMENT (this "Agreement") is made and entered into as of _____, 2006, by and between the CITY OF PASADENA, a municipal corporation ("**Lessor**"), and the PASADENA ICE SKATING CENTER INC., a California corporation ("**Lessee**"), with respect to the following:

RECITALS

A. The City and Pasadena Ice Rink, a partnership composed of Lud Renick and Fred Culick, the predecessor-in-interest to PISC, entered into that certain Lease No. 9776 dated March 3, 1976, and recorded with the Los Angeles County Recorder's Office on March 8, 1976, as amended by that certain Lease Agreement Amendment No. 12, 914 entered into by the City and PISC, dated September 29, 1986 and recorded with the Los Angeles County Recorder's Office on October 9, 1986 as Instrument No. 86 1363039 (as amended, the "Lease"), whereby the Lessor leased to the Lessee those certain premises commonly described as the Exhibit Hall, located at 300 East Green Street in the City of Pasadena, County of Los Angeles, State of California, in the area of The Pasadena Center and adjoining the Pasadena Civic Auditorium structure, as more particularly described in the Lease (the "Leased Premises");

B. Pursuant to the Lease, PISC operates the Pasadena Center Ice Rink on the Leased Premises;

C. Pursuant to that certain Memorandum of Understanding between Lessor and Pasadena Ice Skating Center, LLC, a California limited liability company (Lessee's successor-in-

interest) dated _____, 2006 (the "MOU"), Lessor and Lessee have agreed to terminate the Lease on the terms and conditions provided herein.

A G R E E M E N T

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Termination. Lessor and Lessee hereby agree to terminate the Lease such that the same shall be of no further force or effect, and shall no longer affect the Leased Premises, from and after the date hereof.

2. Release. Lessor hereby releases Lessee from any and all obligations and/or liability under, or with respect to, the Lease and/or the Leased Premises. Lessee hereby releases Lessor from any and all obligations and/or liability under, or with respect to, the Lease and/or the Leased Premises.

3. Waiver of Relocation Benefits.

A. It is understood and agreed between Lessor and Lessee that the rights granted Lessee by the MOU represent an all inclusive settlement and full and complete payment for just compensation for the acquisition of the Leased Premises and includes and satisfies any and all other payments, if any, which may be required by law to be paid to PISC arising out of the acquisition and displacement of PISC, and specifically includes, but is not limited to, claims for damages, attorney's fees, interest, inverse condemnation, relocation assistance and/or benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601, et seq.), if applicable, or under Title 1, Division 7, Chapter 1 of the Government Code of the State of California (Section 7260, et seq.), and all costs and expenses whatever in connection therewith. PISC hereby acknowledges that Lessor has advised PISC of the possible availability of such relocation assistance rights to PISC and that the waiver of all rights by PISC herein set forth herein is free and voluntary.

B. PISC therefore waives as against the City of Pasadena, and against any of its subdivisions, departments, employees, agents, or representatives, claims for any and all relocation assistance benefits including compensation to which it may be entitled under either state or federal relocation assistance statutes and regulations.

C. PISC acknowledges that this may be used as a defense by the City, and by any of its subdivisions, departments, employees, agents, or representatives, against any claim by PISC for state or federal relocation assistance benefits based on its occupancy of or move from the Leased Premises.

D. PISC acknowledges that it has sought and has obtained the advise of legal counsel regarding the rights being waived hereunder.

4. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease Termination, Waiver, and Release as of the date and year first above written.

LESSOR:

THE CITY OF PASADENA,
a municipal corporation of the State of
California

By: _____
Cynthia J. Kurtz, City Manager

ATTEST:

By: _____
Jane Rodriguez, City Clerk

APPROVED AS TO FORM:
Richards, Watson & Gershon

By: _____
Michael Estrada, Special Counsel

LESSEE:

PASADENA ICE SKATING CENTER,
INC., a California corporation

By: _____
Name:
Its:

By: _____
Name:
Its:

Exhibit C

FORM OF PROMISSORY NOTE

\$ 350,000
5.50% Interest

Pasadena, California
_____, 2008

FOR VALUE RECEIVED, PASADENA ICE SKATING CENTER LLC, a California limited liability company (“Borrower”) hereby promises to pay, without offset or reduction, to the City of Pasadena, a California municipal corporation (“City”), or order, a principal amount not to exceed Three Hundred Fifty Thousand Dollars (\$ 350,000.00).

1. This Note evidences the obligation of the Borrower to City for the repayment of funds loaned to the Borrower by City (the “PISC Loan”), in a principal amount of Three Hundred Fifty Thousand Dollars (\$ 350,000). The purpose of the PISC Loan is to facilitate the financing of the Ice Rink Facility described in that certain Management Agreement entered into by City and Borrower of even date herewith (the “Management Agreement”), as well as to contribute towards costs associated with termination of the Lease and restoration of the Leased Premises (as those terms are defined in that certain Memorandum of Understanding between City and Borrower dated _____, 2006). Except as defined differently herein, all capitalized terms shall have the meaning set forth the Management Agreement.
2. During the term of this Note, PISC will be paid sixty percent (60%) of the Base Management Fee, defined in Section 4.2 of the Management Agreement. The remaining forty percent (40%) shall be applied by the City towards the repayment of the PISC Loan. Upon repayment in full of the PISC Loan, the full Base Management Fee will be paid to PISC. In the sole discretion of PISC, any Bonus Payment earned by PISC pursuant to Section 4.3 of the Management Agreement may be applied to the PISC Loan.
3. The PISC Loan shall be for a term that is concurrent with the term of the Management Agreement. Should the Management Agreement be terminated prior to the complete repayment of the PISC Loan, Borrower will no longer be obligated to repay the PISC Loan.
4. This Note is payable at the principal office of City, 117 East Colorado Boulevard, 6th Floor, Pasadena, California, 91105, Attention: Finance Director, or at such other place as the holder hereof may inform the Borrower in writing, in lawful money of the United States.
5. The Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waiveable exemptions; and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under

this Note, in whole or in part, whether before or after maturity and with or without notice. The Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the holder hereof, in the enforcement of this Note or any term or provision hereof.

BORROWER:

PISC:

PASADENA ICE SKATING CENTER, LLC,
, a California limited liability company

By: _____

Name:

Its:

By: _____

Name:

Its: