MEMORANDUM OF UNDERSTANDING

NOW COME the Commissioners (hereinafter, the "Commissioners") of the Hampton Beach Village District (hereinafter, the "District" or the "Precinct") and the Board of Selectmen (hereinafter, the "Board") of the Town of Hampton (hereinafter, the "Town") and enter into the following Memorandum of Understanding.

WHEREAS, the Town currently leases from the District, under a Lease dated May 31, 2009 (hereinafter the "Lease"), certain property (Tax Map 287, Lot 32) located at 64 Ashworth Avenue for use as a fire station.

WHEREAS, the aforesaid Lease expires on May 31, 2012 and indicates in paragraph 2.2 that "Under no circumstances shall Tenant remain at the Premises under the present terms and conditions contained herein after May 31, 2012."

WHEREAS, both the Commissioners and the Board desire that the Town continue to provide fire protection services from a location within the District, notwithstanding the language of paragraph 2.2 of the Lease.

WHEREAS, the Town has committed in 2009 the sum of $20,000 to studying the feasibility of and cost of constructing a new Beach fire sub-station in the District.

WHEREAS Town officials have determined that the best location for a new Beach fire sub-station within the District (hereinafter, the "new location") would be on land (Tax Map 287, Lot 31 and the portion of Tax Map 287, Lot 29 immediately adjacent to and to the north of Tax Map 287, Lot 31) owned by the District on Brown Avenue immediately to the west of, and adjacent to, the property covered by the Lease, and a portion of Tax Map 287, Lot 32.

WHEREAS the Board has reached an accord with the Commissioners whereby, upon approval first by the Town voters and then by the District's voters of necessary warrant articles, the Town would acquire certain land from the District upon which it would construct the new Beach fire sub-station in the new location, and in consideration of such acquisition the Town would then demolish the existing fire station and Precinct garage provided said demolitions are approved by the District voters, and would include as a portion of the property acquisition cost, a) an amount intended to compensate the District as set forth hereinafter in paragraph 6 for the District's loss of parking revenues during construction and b) a lot of land as set forth hereinafter in paragraph 7 to compensate the District for the District's permanent loss of parking spaces following completion of the new Beach fire sub-station and the demolition of the old fire station and Precinct garage.

NOW THEREFORE, the Commissioners and the Board agree that the terms of their accord for which they will seek approval from their respective legislative bodies, and which they agree to implement if and when both approvals are given, are as follows:

1. The District will convey by warranty deed to the Town, for the purpose of constructing a Beach Fire Substation, the land consisting of Tax Map 287, Lot 31, and the portion of Tax Map 287, Lot 29 immediately adjacent to and to the north of Tax Map 287, Lot 31, and a portion of Tax Map 287, Lot 32, (the "Town Acquired Property") and the Town will proceed to construct said new Beach fire sub-station with construction of said station to commence no sooner than the conclusion of the annual Seafood Festival in 2012, but no later than June 2, 2014. Upon acquisition of

damage and liability in amounts and in a manner consistent with the coverage obtained for other real property owned by the Town of Hampton.

2. In the course of its work on the aforesaid new Beach fire sub-station on the Town Acquired Property, the Town will a) demolish at its expense as part of the acquisition cost 1) the current Fire Station on Tax Map 287, Lot 32, and 2) the Precinct garage on Tax Map 287, Lot 29 (with the portions of said lots that are being retained by the District being referred to hereinafter as the "Demolition Property"), provided said demolitions are approved beforehand by the District voters, and the Town will pave, stripe, and install chain link fencing and gating (utilizing existing fencing and gating to the extent possible) on the portion of Tax Map 287, Lot 32 and 29 not deeded to the Town for the new Beach fire sub-station. If its approval is approved beforehand by the District voters, the Precinct garage shall be demolished immediately preceding construction of the new Beach fire sub-station so as to enable location of the new sub-station with less concern for its proximity to other buildings.

3. Contractors demolishing the existing fire station and Precinct garage, if that is to be done, shall be required to carry environmental hazard liability insurance naming the Town and District as additional insured.

4. The District Commissioners shall officially request of the State of New Hampshire Division of Historical Resources the removal of the existing Beach fire station from the Division's Database of historic buildings if that is needed as determined by District counsel in order to accomplish the demolition and removal of the existing Beach fire station.

5. Provided that the District voters approve beforehand the demolition of the existing fire station and it is removed from the State of New Hampshire Division of Historical Resources Database of historic buildings if that is needed as determined by District counsel in order to accomplish its demolition and removal, when the new Beach fire sub-station is constructed, the Town will construct shared meeting room space (of approximately 20 feet by 20 feet in size) on the second floor of the new Beach sub-station to accommodate meetings of the Commissioners of the District and a restroom and a storage closet adjacent to said meeting room for storage of District materials. The Town shall allow the District to conduct its annual or special meetings on the floor of the bays in the new Beach sub-station once it is completed consistent with current practice, provided, however, that if Life Safety or other codes ever change in such a way as to prohibit the use of the bays for this purpose, then the Town will provide an alternative location within the District for such annual and special meetings in a Town owned building. The Town will also construct a storage shed for the District of a size no larger than 10' x 10'to be located on either Tax Map 287, Lot 28 or 29. The Town will provide a location on Town property to be determined by the Town Manager for a 40' storage container belonging to the District to be placed for storage of additional materials belonging to the District.

6. The District anticipates that it will lose parking revenues as a result of the Town's construction of the new Beach fire sub-station. Therefore, the parties agree that a portion of the consideration by the Town to acquire the Town Acquired Property shall include an amount calculated as follows: an amount measured by the difference in

net revenues received by the District from parking on the District's property on Tax Map 287, Lots 29, 31, and 32 in the average of the three years preceding commencement of such construction and the net revenue received by the District from parking on such lots during the time in which construction occurs, provided that the District shall make all good faith efforts to maximize its parking revenues on the aforesaid property during construction from the parking that can still be safely accommodated on these lots during construction. Net revenue means the gross revenue received from such parking minus the expenses associated with generating such revenue. This portion of the consideration by the Town to the District shall be calculated and shall be paid by the Town to the District before the end of the calendar year in each year during which construction of the new Beach fire sub-station occurs so long as the District provides a complete accounting to the Town of the aforesaid net revenue loss including the net revenue from the three years preceding construction and the expenses associated with generating such revenue. Construction of the new Beach fire sub-station shall be considered complete when an Occupancy Permit has been issued and when the paving, striping, and installation of chain link fencing and gateing on the "Demolition Property", all as referenced in paragraph two above is complete

7. Upon the expiration on April 1, 2013 of the current lease of Town property located at Tax Map 287, Lot 28 ("Lot 28"), the Selectmen will deed, by Warranty Deed, the said Town owned property to the District, in full consideration for the District's permanent loss of parking spaces due to the deeding to the Town of the land for the

new location of the substation. The Town will stripe and install chain link fencing and gating (utilizing existing fencing and gating to the extent possible) on Lot 28 upon the expiration of the aforesaid lease.

8. A new Lease for the existing fire station shall be entered in to under such terms as may be agreeable to both the Town and District for such time as may be necessary to complete construction of, and to make operational, the new Beach fire sub-station at the new location.

9. If the District at its own expense, pursuant to a vote of its voters, opts to retain and pay for an independent engineer to review the Town's scope of work for engineering design for the new Beach sub-station, then the Town will ensure that the comments of the independent engineer will be taken into account as appropriate in the final engineering scope of work of the engineer contracted by the Town for this project.

10. The Town agrees to list the Village Precinct as an additional insured on any and all engineering or construction contracts entered into regarding any work performed. The Town and District shall also be named as additional insured on any environmental hazard liability insurance required of any contractors.

11. The Town agrees to obtain a lot line adjustment plan to create the Town Acquired Property as outlined above and to record same at the Rockingham County Registry of Deeds and provide notification of the proposed governmental use pursuant to the terms of RSA 674:54.

12. In the event the Town issues, at one time or from time-to-time, any tax-exempt obligation relating to the new Beach fire sub-station on the Town Acquired Property

or relating to the demolition of improvements on the Demolition Property or the improvements financed on Lot 28, then the District and the Town agree that while such tax-exempt obligations remain outstanding and during the term of any renewal term thereof, neither shall use such Town Acquired Property or Demolition Property or Lot 28 (by sale, lease, license or other arrangement) in any manner that would adversely affect the tax-exempt status of such tax-exempt obligations, and the District and the Town further agree that neither shall permit the use of such property by any non-governmental persons (by sale, lease, license or other arrangement) without first obtaining an approving opinion of bond counsel that such use shall not adversely affect the tax-exempt status of such tax-exempt obligations.

13. As specified hereinafter, the following language shall appear in the deeds for the conveyances called for in above paragraphs 1 and 5:

Language for Property to be Conveyed to Town as per paragraph 1:

"Subject to the reservation that, in the event that all of the following three conditions are met: (1) the fire sub-station construction, as evidenced by the issuance of a building permit, is not begun by June 2, 2014, and (2) the Hampton Beach Village District legislative body, in its sole discretion, votes to accept the reversion, which shall be evidenced by a majority vote of the Hampton Beach Village District voters, and (3) a record of the vote of the Hampton Beach Village District shall be recorded in the Rockingham County Registry of Deeds, then the property herein conveyed shall revert to the District. Upon any such reverter, the property and any improvements located thereon shall not be used in a manner that adversely affects the tax-exempt status of any indebtedness issued by the Town so long as the same remains outstanding.

And further, subject to the reservation for twenty (20) years from the date of conveyance of the property that, in the event that all of the following three conditions occur in that twenty year period: (1) either (a) the Town of Hampton permanently ceases to use the property to provide fire protection services, subject to the temporary, interim governmental uses permitted below, or (b) a sale or lease occurs by the Town to a third party that does not use the property to provide fire protection services within Hampton,

and (2) the Hampton Beach Village District legislative body, in its sole discretion, votes to accept the reversion, which shall be evidenced by a majority vote of Hampton Beach Village District voters, and (3) a record of the vote of the Hampton Beach Village District shall be recorded in the Rockingham County Registry of Deeds, then the property shall revert to the District. The District agrees that the reversion will not be triggered if the Town ceases to use the property to provide fire protection services on a temporary, interim basis for governmental purposes, including but not limited to renovations or repairs. This further reservation/reverter provision shall terminate twenty (20) years from the date of conveyance of the property to the Town. Notwithstanding the language above, the Town may ask the District to release this further reservation/reverter provision at a time earlier than the expiration of twenty (20) years, and this request may be granted by the District legislative body, but only after authorization of the release is evidenced by a majority vote of the District voters.

If the Hampton Beach Village District legislative body, in its sole discretion, votes to dissolve pursuant to RSA 52:21, or any successor provision thereto, which shall be evidenced by a two-thirds vote of Hampton Beach Village District voters, then upon such dissolution, all reversion rights and interests described in the foregoing paragraphs shall terminate and be of no further force or effect."

After the reverter right lapses, the Hampton Beach Village District shall have an additional period of 30 years following the lapse of the reverter right to exercise a right of first refusal in the event that the following occurs within that 30 years: a sale or lease is proposed to occur to a third party that would not use the property and improvements to provide fire protection services within Hampton. Documentation creating the right of first refusal, similar in form and substance as that attached in Exhibit A, shall be executed by the Town and the District.

If the Hampton Beach Village District legislative body, in its sole discretion, votes to dissolve pursuant to RSA 52:21, or any successor provision thereto, which shall be evidenced by a two-thirds vote of Hampton Beach Village District voters, then upon such dissolution, all reversion rights and right of first refusal described in the foregoing paragraphs shall terminate and be of no further force or effect.

Language for Property to be Conveyed to District as per paragraph 7:

"Subject to the reservation for twenty (20) years from the date of conveyance of the property that, in the event that all of the following three conditions occur in that twenty year period: (1) either (a) a reversion to the District occurs of the property conveyed on _____to the Town by the District to provide fire protection services, or (b) the property is used for a purpose other than a parking lot, subject to the temporary, interim governmental uses permitted below, and (2) the Town of Hampton legislative body, in its sole discretion, votes to accept the reversion, which shall be evidenced by a majority vote

of the Town of Hampton voters, and (3) a record of the vote of the Town of Hampton shall be recorded in the Rockingham County Registry of Deeds, then the property shall revert to the Town. The Town agrees that the reversion will not be triggered if the District ceases to use the property as a parking lot on a temporary, interim basis for governmental purposes, including but not limited to, renovations or repairs. The reverter shall terminate twenty (20) years from the date of conveyance of the property herein conveyed to the District. Notwithstanding the language above, the District may ask the Town to release the reverter at a time earlier than the expiration of twenty (20) years, and this request may be granted by the Town legislative body, but only after authorization of the release is evidenced by a majority vote of the Town voters."

14. By way of terms governing the procedure for approval of their respective legislative bodies of the provisions of their accord and any funding therefor, the Commissioners and the Board agree as follows:

A. The Commissioners shall submit to their District voters at their next annual meeting in 2012 such warrant article or articles in form that is acceptable to the Board of Selectmen so as to seek the Village District voters' authorization for and ratification of the Commissioners' entering into this Memorandum of Understanding and authorize the two building demolitions referred to in above paragraph 2;

B. The Board shall submit a bond warrant article to the 2012 Town Meeting to seek the Townspeople's authorization for and ratification of the Board's entering into this Memorandum of Understanding and would fund the tasks that the Town is called upon to undertake and complete under the terms of this Memorandum of Understanding; and

C. This Memorandum of Understanding shall become null and void if any of the articles presented under the preceding subparagraphs A and B are defeated by the respective legislative bodies. .

15. The Town shall provide to the District copies of the performance bonds provided by the engineering company and the general contractor as to the construction of the new Beach fire sub-station.

16. The Commissioners and the Board stipulate that the laws of the State of New Hampshire shall govern this Memorandum of Understanding.

17. The Commissioners and the Board agree that this Memorandum of Understanding contains their entire Agreement and that its terms shall not be amended except by a written document signed by a majority of each of them.

IN WITNESS WHEREOF, the parties execute this Memorandum of Understanding on the dates that follow:

Hampton Beach Village District
By its Commissioners

Charles Rage, Chairman

Subscribed and sworn to before me this 15 day of March, 2012, by Charles Rage.

Notary Public/Justice of the Peace
My Commission Expires: KRISTI PULLIAM, Notary Public My Commission Expires October 6, 2015

Gary Kubik, Commissioner

Subscribed and sworn to before me this 15 day of March, 2012, by Gary Kubik.

Notary Public/Justice of the Peace
My Commission Expires: KRISTI PULLIAM, Notary Public My Commission Expires October 6, 2015

Maureen Buckley, Commissioner

Subscribed and sworn to before me this 15 day of March, 2012, by Maureen Buckley.

Notary Public/Justice of the Peace
My Commission Expires: KRISTI PULLIAM, Notary Public My Commission Expires October 6, 2015

Town of Hampton
By its Board of Selectmen

Richard E. Nichols, Chairman
Town of Hampton
Board of Selectmen

Subscribed and sworn to before me this 5TH day of MARCH, 2012, by Richard E. Nichols.

Notary Public/~~Justice of the Peace~~
My Commission Expires:

FREDERICK W. WELCH, Notary Public
My Commission Expires July 18, 2012

William G. Lally, Vice-Chair
Town of Hampton
Board of Selectmen

Subscribed and sworn to before me this 5TH day of MARCH, 2012, by William G. Lally.

Notary Public/~~Justice of the Peace~~
My Commission Expires:

FREDERICK W. WELCH, Notary Public
My Commission Expires July 18, 2012

Michael Pierce, Selectman
Town of Hampton

Subscribed and sworn to before me this 5TH day of MARCH, 2012, by Michael Pierce.

Notary Public/~~Justice of the Peace~~
My Commission Expires:

FREDERICK W. WELCH, Notary Public
My Commission Expires July 18, 2012

Gerald Znoj, Selectman
Town of Hampton

Subscribed and sworn to before me this 5TH day of MARCH, 2012, by Gerald Znoj.

Notary Public/~~Justice of the Peace~~
My Commission Expires:

FREDERICK W. WELCH, Notary Public
My Commission Expires July 18, 2012

Richard P. Griffin, Selectman
Town of Hampton

Subscribed and sworn to before me this 5TH day of MARCH, 2012, by Richard P. Griffin.

Notary Public/~~Justice of the Peace~~
My Commission Expires:

FREDERICK W. WELCH, Notary Public
My Commission Expires July 18, 2012