

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) sets forth the mutual understanding of the City and District regarding a series of steps each will take in a collaborative effort to pursue the redevelopment and improvement of Cubberley and District schools. The City of Palo Alto (City) intends to purchase 7 acres of Cubberley Community Center (Cubberley) from the Palo Alto Unified School District (District) in 2027, contingent on November 2026 voter approval of a City-sponsored bond to fund acquisition and development of the Cubberley site. The District intends to use the proceeds of the sale to develop and improve schools throughout Palo Alto. Prior to the 2026 election, the City and the District will each develop their respective conceptual plans for use of voter-approved bond proceeds, with the intention of jointly communicating to the public the City and District improvements that will be enabled by the bond. Dates identified reflect estimated schedules and parties will work to meet them or as soon thereafter as possible.

Subject to approval by the Palo Alto City Council and the Board of Education of the Palo Alto Unified School District, the City and District propose to undertake developing formal agreements such as a purchase and sale agreement and lease agreement as needed to implement the intentions described in the below sale and lease term sheet. A lease extension will reflect final details on areas currently occupied by the District and to be leased by the City once the District discontinues use. The lease will also ensure resolution of disputed responsibility for maintenance costs in years prior to December 2024.

### Cubberley Sale and Lease Term Sheet

1. *Sale Terms:* In 2027, contingent on voter approval of a bond measure in 2026, the City will purchase 7 acres from the District at the price of \$65.5 million. This includes the area currently developed with permanent buildings.
  - a. The purchase price reflects a current (2024) valuation of \$60.65 million, escalated by 2.6% per year over 3 years for purchase in 2027.
  - b. By March 30, 2026, the City will develop a plan for a new community center and related uses on the site.
  - c. By March 30, 2026, the District will develop a plan for the use of sale proceeds for the improvement of Palo Alto schools.
  - d. The City and District will coordinate planning for citywide outreach on the goals and plans in support of the proposed sale.
  - e. With a successful bond election, the City will transmit sale proceeds to the District by July 1, 2027. If the bond measure is not placed on the 2026 ballot or is not approved, the proposed sale will not occur.
2. *Lease Extension:* By January 1, 2025, the City and District will execute a five-year lease of the property based on the following terms:

- a. The City will lease all District property at the site (not used by the School District) for \$2.0 million per year and assume all responsibility for maintenance and associated costs for both leased and common areas.
- b. Upon the District's discontinued use of its property at the site (except access to Greendell and associated parking), the lease price will increase to \$2.5 million per year.
- c. In recognition of disputed responsibility for maintenance costs, the School District will credit the City \$1.0 million in rent payments in FY 2027.

**3. Subsequent Actions, if necessary:**

- a. Should the bond measure not be placed on the ballot or fail to pass, all leases and obligations will terminate on June 30, 2027. Prior to the termination date, the parties will meet and discuss alternative plans, which could include extending the termination date of the lease or entering a new lease for a portion of the District's property.
- b. If determined advantageous through the planning efforts of either party, by mutual agreement the parties may modify the property line between their properties and other site arrangements.

This MOU is not intended to be, and does not constitute, a binding agreement by the City and the District, nor an agreement by the City and the District to enter into a binding agreement. Nor does this MOU establish a legal partnership or any other legal relationship. This MOU reflects the present understanding of the City and District and a desire by both to develop, respectively, plans for school improvements and a community center, and to collaborate in placing a bond measure before the voters to fund the school improvements and a community center. Neither the City nor the District may claim any legal rights against the other by reason of the signing of this memorandum of understanding or by taking any action in reliance hereon, and each party fully understands that neither party will have any legal obligations to the other, or with respect to the proposed activities in this MOU.

The City and the District look forward to this joint effort to develop and improve school and community facilities throughout Palo Alto for the benefit of the entire community. The signatures below indicate our shared understanding and commitment to collaborate to advance the goals described in this MOU.



Ed Shikada  
City Manager, City of Palo Alto



Don Austin  
Superintendent, Palo Alto Unified  
School District