

H.E. MOSS & Co. LTD

SHIPBROKERS

Memorandum of agreement executed in duplicate the eighteenth day of August One thousand nine hundred and sixty seven BETWEEN THE CUNARD STEAM-SHIP COMPANY LIMITED whose registered office is at Cunard Building in the City of Liverpool (hereinafter called "Cunard") of the one part and THE CITY OF LONG BEACH a municipal corporation organised and existing under the laws of the State of California of Long Beach California in the United States of America (hereinafter called "City") of the other part.

WHEREAS BY AN AGREEMENT DATED THE 26TH DAY OF July 1967 Cunard agreed to sell and City agreed to buy subject to formal contract the Quadruple Screw Passenger Steamship Queen Mary official number 164282 of 81,237 tons gross and 33,073 tons net class Lloyds + 100 A1 with freeboard (hereinafter called "the vessel" which expression shall include except as hereinafter appears the engines equipment furniture hard and soft furnishings and effects belonging to or allocated to the vessel including but not limited to the items appearing in the lists supplied with a letter of even date from Cunard to the City which are accepted by City as being substantially correct).

AND WHEREAS City intend to use the Vessel as a Maritime Museum and Hotel and/or Tourist Complex and not to employ her for trading at sea.

IT IS HEREBY AGREED AS FOLLOWS:-

1. City agree to buy and Cunard agree to sell the Vessel and deliver her at the Port of Long Beach California in her condition at the date of this agreement subject to fair wear and tear during the period between the date of this agreement and the date of delivery of the Vessel to City provided always that Cunard shall continue to maintain the Vessel in their customary manner during such period.
2. Subject as is hereinafter provided Cunard shall sail the Vessel from Southampton to Long Beach via Cape Horn (which voyage is hereinafter called "the delivery voyage") and City shall accept her within seventy-two hours of her arrival at Long Beach. The delivery voyage shall commence from Southampton between October 22nd and October 31st 1967, (both dates inclusive) the exact date to be selected by City and notified to Cunard not later than 20th September 1967. Provided that if the delivery voyage does not as a result of the wilful default of Cunard commence on the date selected by City as aforesaid, or if the delivery voyage does not as a result of any other cause commence within 30 days inclusive of such date, City shall have the option to determine this agreement by notice in writing to Cunard and thereupon all sums already paid by City under this agreement shall be refunded to City and any passage monies received by Cunard in respect of the delivery voyage shall be paid to City or refunded to the passengers as the case may be and thereupon

this Agreement shall be null and void and neither party hereto shall be under any further obligation to the other.

3. The following equipment and effects shall not be included in the sale of the Vessel to City:-
 - a. The personal standard of Her Majesty Queen Mary and unless the permission of the respective owners is obtained by or on behalf of City, the signed portraits by Dorothy Wilding of Her Majesty Queen Mary and Their Majesties King George VI and Queen Elizabeth and the carved relief plaque in silver bronze of her Majesty Queen Mary.
 - b. The cups and trophies and any other property belonging to or held by the Social and Athletic Club
 - c. All monies on board belonging to Cunard and any other persons
 - d. The private effects tools, professional instruments and equipment of the Captain, Officers, Crew and Staff of the Vessel.
 - e. All stock and moveable Shop Display/Showcase Display/Cash Registers which are the property of Ocean Trading (Ships) Limited and other Concessionaires.
 - f. All stock and equipment which is the property of Ocean Pictures (Southampton) Limited.
 - g. The three illuminated bank crest signs belonging to the Midland Bank Limited
 - h. The following equipment or apparatus on hire:-
 - (i) the Marconi Argus Radar
 - (ii) two Decca Navigators (TM829 and Mk 12)
 - (iii) the Echo-sounder (S.G. Brown Limited)
 - (iv) the Radio Direction Finder (Adsum 4)
 - (v) the Radio Telephone (IMR type 43/46)
 - (vi) the VHF Radio (CCY 9543)
 - (vii) all other Radio Equipment on hire from International marine Radio as specified in a letter dated 10th August 1967 from International Marine Radio Company Limited to Cunard.
 - i. All dictaphones on hire
 - j. The equipment not set out in the schedule hereto Cunard hereby agree not to have removed the equipment specified in sub-clauses (h) and (j) of this Clause until the delivery of the Vessel to City. The cost of any removal shall in no circumstances be borne by City and Cunard shall bear the cost of making good any damage caused by such removal.

1. The purchase price for the vessel shall be the sum of U.S.\$3,450,000 and shall be paid by City to Cunard as follows:-

- a. A cash deposit of U.S.\$345,000 shall be paid by City into a deposit account in the joint names of Cunard and City at Martins bank Limited, 68 Lombard Street, London on the signing of this Agreement and thereafter any interest on such deposit shall follow the principal.
- b. The sum of U.S.\$3,105,000 shall be paid in cash in London by City to Cunard on a date not later than the day before the commencement of the delivery voyage and the aforesaid deposit of U.S.\$345,000, together with any accrued interest thereon shall at the same time be released to Cunard.

5.

- a. City shall have the option (hereinafter called "the passenger option" exercisable not later than 20th September 1967 to require that the vessel shall carry passengers on the delivery voyage.
- b. If the City do not exercise the passenger option, City shall pay to Cunard the actual and reasonable out-of pocket expenses of Cunard directly attributable to the delivery voyage, but in no event shall such expenses exceed U.S.\$580,000, which figure shall exclude the cost of repatriation and shall be subject to adjustment in the event of a material change in the cost of oil bunkers after the date of this agreement . Of such expenses, U.S.150,000 shall be paid by City to Cunard on a date not later than the day before the commencement of the delivery voyage and the balance shall be paid as hereinafter provided:-
- c. If City exercise the passenger option it is agreed as follows:-
 - i. The vessel shall carry any number of passengers at City's option up to (*added in handwriting "a maximum of" and initialed by signatories*) 1,200 or up to such smaller (*then this part crossed through: "numbers not being less than 300 for any part of the delivery voyage as may in the judgment of Cunard be practicable" and replaced by "maximum as the limitation of fresh water supplies may dictate" in handwriting and initialed again*), and will at the discretion of City call at *not more than seven of* (crossed through and initialed) the following ports:

Cherbourg, Lisbon, Las Palmas, Rio de Janeiro, Valparaiso, Callao, Balbos and Acapulco, and such other ports as are in the judgment of Cunard safe on the route from Southampton to Long Beach.

Provided always that no passengers shall be booked in the United Kingdom for carriage from the United Kingdom or Cherbourg to Lisbon or Las Palmas only.

- ii. Cunard shall enter into contracts for the carriage of such passengers and shall issue at the request of the City or their duly authorised representatives contract documents.
- iii. The parties hereto shall undertake to comply with all statutory rules and regulations relating to the sale of passenger contract tickets for the carriage of passengers in force in the United Kingdom, in the United States, in all countries at whose ports the Vessel may call and in all countries in which such tickets may be sold.
- iv. Cunard shall have the liberty as part of the delivery voyage and at any stage thereof to sail the vessel to any port or ports whatsoever (whether such ports are on or off the direct and/or customary route or routes to the Port of Long Beach) and there take oil bunkers or water in any quantity in the discretion of Cunard Provided always that Cunard will use their best endeavours to obtain oil bunkers or water at or as close as possible to the ports where the vessel is scheduled to call on the delivery voyage.
- v. Cunard shall be entitled to receive the passage monies in

respect of the delivery voyage and City shall pay to Cunard the actual and reasonable out-of-pocket expenses of Cunard directly attributable to the delivery voyage and City shall pay to Cunard on a date not later than the day before the commencement of the delivery voyage as a payment on account an amount of U.S.\$250,000 or such sum as will together with the passage money received by Cunard up to such date make up such amount.

(d)

For the purposes of sub clauses (b) and (c) of this clause, the expenses attributable to the delivery voyage shall include (i) the cost to Cunard on the basis of Las Palmas prices of all oil bunkers on board the Vessel at the commencement of the delivery voyage (ii) the cost to Cunard on the basis of current contract prices at Southampton of all stores and provisions on board the Vessel at the commencement of the delivery voyage and (iii) the actual cost to Cunard of all oil bunkers stores and provisions supplied to the Vessel during the delivery voyage it being agreed that the oil bunkers stores and provisions remaining on board at the end of the delivery voyage shall be and become the property of City.

6.

- a. In the event of the delivery voyage being without passengers then within 10 days of the date of the delivery of the Vessel to City, City shall pay to Cunard the sum of U.S.\$150,000 as a further payment on account in respect of the delivery voyage.

- b. As soon as possible after the delivery of the vessel to City, Cunard shall supply to City an itemised voyage account certified by an officer of Cunard and supported by vouchers and in preparing such account any revenues (including passage monies) received by Cunard in respect of the delivery voyage shall be credited against the expenses in respect thereof. The balance shown on such account as being due either from City to Cunard or from Cunard to City shall be paid within 14 days after receipt by City of such account.
- c. City shall pay to Cunard within 14 days after receipt by City of an itemised account certified by an Officer of Cunard the actual and reasonable (out-of-pocket *added and initialed*) incurred by Cunard in repatriating the Masters Officers Crew and Staff of the Vessel from Long Beach in accordance with the usual practice of Cunard by such scheduled airflights as can be conveniently arranged at the reasonable discretion of Cunard after consultation with the City.

7.

On delivery of the Vessel to City at Long Beach in the condition specified in clause 1 hereof and on discharge of the mortgage referred to in clause 11 hereof Cunard shall deliver to City a bill of sale transferring the Vessel free from encumbrances to City

8.

Should the whole of the purchase price for the Vessel not be paid by City to Cunard within 48 hours of the time herein stipulated the Vessel may be resold by Cunard by public or private sale and the cash deposit paid by City under clause 4 hereof shall be forfeited to Cunard. City shall be liable for all loss and expense arising from such resale and such damages as may be proved by Cunard to have resulted from the non-fulfillment of this agreement by City provided however that credit for the said deposit shall be given against any such loss expense and damages.

9.

From the date when the whole of the purchase price is paid to the date of the delivery of the Vessel Cunard shall after consultation with City manager insure and keep insured the Vessel:-

- a. against all marine risks and against such war risks as may be insured against in the United Kingdom for an amount not less than U.S.\$3,450,000 plus (if City do not exercise the passenger option) U.S.\$150,000 or plus (if City do exercise the passenger option) U.S.\$250,000 or the total passage monies received by Cunard (whichever is the greater). Provided always that all such insurances shall be in the joint names of Cunard and City
- b. against such risks as are normally covered by an entry in a Protection and Indemnity Association in the United Kingdom.

10.

- a. In the event of the vessel becoming an actual or a constructive or a compromised total loss (whether such loss arises from the negligence of misconduct of Cunard, their servants, or agents or from any other cause whatsoever) all sums already paid by City to Cunard under this Agreement shall be refunded to City and any passage monies and revenues received by Cunard in respect of the delivery voyage shall be paid to City or refunded to passengers as the case may be and thereafter this Agreement shall be null and void and neither party hereto shall be under any further obligation to the other.
- b. In the event of Cunard failing to deliver the Vessel to City within 100 days of the date selected by City under clause 2 hereof (whether such failure arises from the negligence or misconduct of Cunard their servants or agents or from any other cause whatsoever), Cunard shall be under no liability for damages to City, but City shall have the option to determine this Agreement by notice in writing to Cunard and thereupon all sums already paid by City to Cunard under this Agreement shall be refunded to City and any passage monies and revenues received by Cunard in respect of the delivery voyage paid to City or refunded to the passengers as the case may be and thereafter this agreement shall be null and void and neither party hereto shall be under any further obligation to the other.

11.

As security for any sum which may become payable by Cunard to City under this Agreement Cunard shall upon payment by City of the whole of the purchase price of the Vessel execute in favour of and deliver to City a first statutory mortgage on the Vessel in the form of the draft agreed between the solicitors to the parties.

12.

Cunard shall be responsible for paying and discharging all debts, claims and liens of every description arising or accruing before the delivery of the Vessel to City at Long Beach as aforesaid.

13

City hereby undertake that after the delivery of the Vessel to them they will not use the Vessel herself or permit her to be used by their successors in title for trading at sea.

14.

After the date of this Agreement Cunard shall permit not more than six representatives of Coty to live on board the Vessel free of any charge for transportation, food or accommodation.

15.

The name "QUEEN MARY" is attributable to the vessel and so far as concerned Cunard authorises City to continue to use the said name upon the Vessel. Cunard hereby assign to City all their right, title and interest (if any) in the said name by way of copyright, trade mark, trade name or secondary meaning. Provided nevertheless that Cunard reserve the right to use the said name upon any of their existing or future vessels.

16.

Each of the parties hereto hereby undertakes with the other to execute such documents and do all such things as may be necessary to give effect to and complete this agreement.

17.

Any dispute between the parties hereto arising under this Agreement other than a dispute of the kind referred to in the next sentence of this clause shall be referred to arbitration in London under the provisions of the Arbitration Act 1950 or any statutory modification or re-enactment thereof. Any dispute arising under this Agreement after the delivery of the vessel to City in respect of the condition of the Vessel or in respect of the equipment or effects included in the sale of the Vessel shall be referred to arbitration in Long Beach. In both instances a single Arbitrator shall be appointed by the parties. If the parties cannot agree on a single Arbitrator, they shall each appoint an Arbitrator and the Arbitrators so appointed shall in the event of a disagreement appoint an Umpire. The award of the single Arbitrator Arbitrators or Umpire shall be final and binding on the parties hereto and may for the purpose of this Agreement be made a rule or Judgment of Court.

18.

This Agreement shall be construed and take effect in accordance with the laws of England

As WITNESS the hands of the parties the date and year first above written.

WATNEY COOMBE REID & COMPANY LTD.

2 Crew Bars

Watney's Extractor head for Beer Drums 1 in each bar

Beer Drums the property of the brewery suppliers
Courage Barclay Ltd; Watney Coombe Reid &
Company Ltd and Allsop Ltd.

(this part probably added before signing?)

Signed by Basil Smallpeice

On behalf of the Cunard

Steam-Ship Company Limited

In the presence of

(Various signatures)

Signed by Robert H Fulton

Special Assistant to the

City Manager on behalf of

The City of Long Beach in

The presence of

(Various signatures)

Approved as to form

Leonard Putnam

CITY ATTORNEY

City of Long Beach

Eighteenth August 1967