

Exhibit H

Memorandum of Understanding No. 516

**MEMORANDUM OF UNDERSTANDING NO. 516
WITH RESPECT TO REAL PROPERTY LOCATED AT**

125 STATE STREET, SANTA BARBARA, CALIFORNIA

BY AND BETWEEN

**THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
AND THE CHILDREN'S MUSEUM SANTA BARBARA 125 STATE STREET**

THIS MEMORANDUM OF UNDERSTANDING (hereinafter the "MOU") is entered into as of April 29, 2009 by and between the CHILDREN'S MUSEUM SANTA BARBARA, a California non-profit corporation (hereinafter referred to as the "Museum") and THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA, a public body, corporate and politic, organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California (hereinafter referred to as the "Agency.")

WHEREAS, the Museum seeks to develop and operate a children's museum within the community that will provide interactive learning experiences for children to develop an understanding of the world, inspire creativity and independence, encourage a joy in learning, and foster appreciation of unique differences; and

WHEREAS, the Agency owns real property at 125 State Street that appears to be a suitable location as a project site for Museum to develop and operate the children's museum; and

WHEREAS, the Agency Board has determined that it is in the best interest of the Community and consistent with the goals and objectives of the Agency to assist Museum in realizing the vision of a children's museum within the community by redeveloping the property it owns with the children's museum and related improvements and providing Museum a long-term lease of Agency property; and

WHEREAS, In furtherance of the objectives of the Community Redevelopment law, the Agency has undertaken a program for the redevelopment of the Santa Barbara Central City Redevelopment Project Area (the "CCRP") pursuant to the amended Redevelopment Plan for that area adopted by the City Council of the City of Santa Barbara in 1977; and

WHEREAS, The Redevelopment Plan for the Central City Redevelopment Project Area was originally approved and adopted by the City Council of the City of Santa Barbara on November 14, 1972 by Ordinance No. 3566, and was substantially amended and extended on August 30, 1977 by Ordinance No. 3923, and was further amended by City Ordinance No. 442, adopted December 16, 1986, by Ordinance No. 4894, adopted on December 6, 1994, by Ordinance No. 5805 adopted on November 11, 1998, and by Ordinance No. 5089 adopted on January 12, 1999 and finally amended on

April 27, 2004 by Ordinance No. 5314 amended June 14, 2005, by Ordinance 5363, amended June 6, 2006, by Ordinance 5388; and amended July 31, 2007 by Ordinance No. 5424." The Redevelopment Plan (as so amended) is referred to herein as the "Redevelopment Plan." This MOU and any subsequent agreement among the parties to this MOU and the Agency shall be subject to the provisions of the Redevelopment Plan which is incorporated herein by this reference and made a part hereof as though fully set forth herein; and

WHEREAS, The "Central City Redevelopment Project Area" is located in the City of Santa Barbara, California, the exact boundaries of which are specifically described in the Redevelopment Plan and in Instruments recorded respectively as Document No. 48982 at Book 2435, Page No. 331 on December 14, 1972, and as Document No. 77-44507 on September 1, 1977 of the Official Records of Santa Barbara County of the State of California, which instruments are incorporated herein by reference and made a part hereof as though fully set forth herein.

NOW, THEREFORE, Agency and Museum hereby understand as follows:

1. PURPOSE OF MOU.

1.1 Purpose. This MOU sets out the mutual understanding of Agency and the Museum regarding the process by which the Agency Board and staff and the Museum hope to, if the conditions set forth herein are satisfied, develop a project description for purposes of initiating City of Santa Barbara ("City") environmental review of the proposed development of a children's museum on the Project Site and negotiate the possible terms of a Disposition and Development Agreement (DDA). In the event that the parties enter into a DDA, and all conditions contained therein are satisfied, the Agency and the Museum plan on entering into a long term lease (hereinafter the "Project Lease") of the Agency real property located at 125 State Street as the location of the Children's Museum. The Agency property that is the subject of this MOU is located in the City of Santa Barbara, County of Santa Barbara, State of California, commonly known as 125 State Street, Santa Barbara County Assessor Parcel Nos. 033-075-012 and 033-075-014 and legally described in Exhibit A (hereinafter the "Project Site") and graphically depicted on the Project Site Map attached hereto as Exhibit B.

2. CONCEPTUAL ELEMENTS OF THE CHILDREN'S MUSEUM. The Agency and the Museum agree that the fundamental concept of the Children's Museum shall be comprised of construction of an approximately 14,000 square foot, children's science museum operated by the Children's Museum of Santa Barbara. The Museum could consist of approximately 7,000 square feet of indoor exhibits, 1,800 square feet of outdoor exhibits, 2,500 square feet of lobby and store space and 3,500 square feet of classroom, office and storage space. The Museum could also include a tower, rooftop garden and outdoor amphitheatre. The development on the Project Site will also include landscaping and other appurtenant facilities. Visitor and staff parking will be accommodated both on the Project Site and off site.

The Museum development will meet the City of Santa Barbara's standards and guidelines including the City of Santa Barbara Local Coastal Plan (LCP), Zoning Ordinance, El Pueblo Viejo Landmark District (EPV) guidelines and restrictions and the City of Santa Barbara Urban Design Guidelines.

The Agency's goals for the Museum development include compatibility with the creation and continuance of an economically viable lower State Street/Waterfront area that offers an attractive environment for the local and visitor alike and is of economic benefit to the Agency and City of Santa Barbara. The development will also include sustainable elements including Leadership in Energy and Environmental Design (LEED) certification to the maximum extent feasible.

The proposed Museum development on the Project Site, as described herein, which may be developed, receive the necessary environmental review and, ultimately, which may be permitted and constructed is hereinafter referred to as the "Project Plan".

3. INTERPRETATION OF MOU.

3.1 This MOU has been prepared to aid the Agency and the Museum in developing and agreeing upon a Project Description of the Project Plan for CEQA purposes and a process to aid Agency staff and museum representatives in negotiating the terms of a possible DDA and Project Lease of the Project Site for the Agency and the Museum. At this point, it is intended merely to allow the Agency and the Museum to identify those key elements of the proposed Project Plan so that the parties understand the environmental and planning issues and concerns which will require further detailed environmental and planning review by the City, as well as to identify those questions and issues which may need to be resolved prior to the time the City reviews and permits any specific elements of the Project Plan and prior to the time the Agency and the Museum enter into any binding contractual agreements with respect to the development of the Project Site and the Project Lease.

3.2 While this MOU has been prepared, reviewed and executed by the Agency staff and by the Museum and its representatives and legal counsel so that it accurately sets forth the underlying assumptions and elements of the proposed Project Plan, this review nevertheless does not yet constitute any sort of City development approval of the Museum Plan or any of its elements.

3.3 Except as otherwise specifically indicated herein with respect to the Agency and the Museum preparing and submitting to the City the Project Description and the Museum initiating environmental review of the Project Plan and the Agency undertaking the Site preparation as identified herein, this MOU is not intended to be contractual and binding in nature. Rather, if, after the necessary environmental review, the Project Plan is approved by the City, Museum and Agency intend to negotiate a DDA and Project Lease between the Museum and the Agency.

4. PROJECT DESCRIPTION, SITE PREPARATION AND GENERAL TERMS OF DDA AND PROJECT LEASE.

4.1 The Project Description – The Agency (by and through its staff) and the Museum agree that, for the periods set forth in the Negotiation and Environmental Review Schedule (attached hereto as Exhibit C), they will meet and negotiate regularly and diligently in good faith to prepare a "Project Description" for the proposed Project Plan to be approved by the Agency and to be used by the City for the purpose of conducting the necessary environmental review of the Project Plan under CEQA.

Immediately upon the completion of the negotiation of the Project Description, the Museum will submit the Project Description to the City Council for the purpose of having it declared a "project" for the purposes of environmental review under CEQA and to initiate the process of City development and environmental review. The Agency, as owner of the Project Site, will authorize the Museum to submit a master application for development and environmental review and approval of the proposed Project Plan to the City of Santa Barbara.

The Museum understands that the environmental document will be prepared and adopted by City in accordance with procedures adopted by City in compliance with the requirements of the California Environmental Quality Act of 1970, as amended (California Public Resources Code Sections 21000 et. seq.) and all applicable state regulations and local ordinances and regulations enacted pursuant thereto.

4.2 Project Site Preparation

4.2.1 Environmental Assessment. The Agency has prepared a "Phase I" and "Phase II" assessment of the environmental condition of the Project Site. Copies of the Phase I and Phase II environmental assessment reports will be made available to the Museum upon execution of this MOU.

4.2.2 Remediation of Project Site. The Agency will undertake remediation of the Project Site under the direction of Santa Barbara County Fire Department Hazardous Materials Division. Such remediation shall be completed as evidenced by issuance of a "no further action" letter by the County to the Agency prior to the commencement date of the Project Lease.

4.2.3 Site Survey. The Agency has prepared a legal survey of the Project Site and shall make the survey available to the Museum upon execution of this MOU.

4.2.4 Parcel Reconfiguration. The Agency shall prepare an Agency parcel map to merge or reconfigure the two parcels prior to the Agency and the Museum executing the Project Lease.

4.3 DDA. Upon finalization of the Project Description and during the process of environmental review, the Agency and the Museum will continue to meet and negotiate diligently and in good faith, concerning the possible terms of a DDA which will be necessary in order to implement the initial phases of the Project Plan. Agency staff will prepare an initial draft of a DDA. Upon the completion of negotiations over the

DDA, the DDA draft shall be submitted to the Agency board for its review and possible approval. The negotiation of a DDA shall not constitute any form of development approval of the Project Plan which shall undergo all necessary City discretionary development and environmental review prior to the Agency's execution of the DDA.

Upon execution of a DDA and the Museum's successful completion of the City's development review process, the Agency and the Museum shall enter into the Project Lease.

4.4 Appointment of Designated Representatives/Negotiators. The Museum hereby appoints and empowers the Executive Director as its negotiator (the "Authorized Negotiator") which has the authority of and responsibility to the Museum organization in meeting and conducting the MOU negotiations and in implementing the requirements of this MOU. . The Authorized Negotiator shall be available for meetings and communications with the City and the Agency staff at all reasonable times. The Museum may, from time to time, change the name and identity of its Authorized Negotiators by delivery to the Agency of a written notice of such change.

5. GENERAL.

5.1 Right to Terminate. Either the Agency or the Museum may terminate their participation in this MOU at their discretion or, with respect to the negotiations over a DDA, if the other party adopts a negotiation position which substantially deviates from the proposals and scope referred to in this MOU. In the event of such termination, this MOU shall be of no further effect.

5.2 Additional Terms and Conditions. The Museum acknowledges and agrees that any proposed DDA or further agreement to negotiate that may result from these negotiations will have to be submitted to the Agency Board (and, to the extent required by law, to the City Council of the City of Santa Barbara) for their review and approval in accordance with the law (especially, with reference to a DDA, Section 33433 of the Health and Safety Code.) The Museum further acknowledges and agrees that the staff and consultants of the City and the Agency, or any individual member of the City Council or Agency Board, does not have the authority to bind the City or the Agency, and that although the City and the Agency will not be bound to any agreement nor to any course of action except after execution of the proposed DDA, or, as the case may be, a further agreement to negotiate, it is intended by both parties that these negotiations be conducted in good faith to carry out the terms set forth in this MOU without material change.

The parties also acknowledge that the final form of any proposed DDA to be negotiated may have to contain matters not contemplated by this Agreement, but which may be needed to accommodate compliance with the California Environmental Quality Act (CEQA).

5.3 Agency Disclaimer. The Agency does not have and expressly disclaims any right of supervision or control over the architects, designers, engineers or other

draft persons and professionals responsible for the drafting and formulation of the plans, specifications or drawings, or any right of supervision or control of contracts, builders, trades and other persons engaged in constructing and fabricating the improvements pursuant to the plans. The Agency shall have no responsibility for determining whether or not the plans, specifications or drawings and the manner of soil and site preparation and construction pursuant to such plans constitute a hazard or threat to the life, safety or property of any party or person.

5.4 Notices, Demands and Communications Between the Parties. All notices, requests, demands and other communications hereunder between the Agency and the Museum shall be in writing and given by (i) established express delivery service which maintains delivery records, (ii) hand delivery or (iii) United States mail, postage prepaid to the principal offices of the Agency and the Museum addressed to each party as follows:

AGENCY:

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA
City Hall
P.O. Box 1990
735 Anacapa Street
Santa Barbara, California 93101
Attn: Executive Director

With a copy to:

Agency Counsel
City of Santa Barbara
City Hall
P.O. Box 1990
740 State Street, Suite 201
Santa Barbara, California 93102

MUSEUM:

Children's Museum Santa Barbara
P.O. Box 4808
Santa Barbara, CA 93140
Attention: Paul Selwyn, President
with a copy to:

Robert F. Egenolf
Egenolf Associates LLP
130 East Carrillo
Santa Barbara, California 93101

Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section.

5.5 Conflict of Interests. No member, official or employee of the Agency shall have any direct or indirect interest in this MOU, nor participate in any decision relating to the MOU which is prohibited by law.

5.6 Warranty Against Payment of Consideration for MOU. The Museum warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this MOU, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

5.7 Nonliability of Agency Officials and Employees. No member, official or employee of the Agency shall be personally liable to the Museum, or any successor in interest, in the event of any default or breach by the Agency.

5.8 Assignment by Agency. The Agency may assign or transfer this Agreement to the City without the consent of the Museum.

5.9 Relationship Between Agency and Museum. It is hereby acknowledged that the relationship between the Agency and the Museum is not that of a partnership or joint venture and that the Agency and the Museum shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Improvements.

5.10 Further Instruments. Each party shall execute and deliver all further instruments, documents and papers, and shall perform any and all acts necessary under the terms and provisions of this MOU.

5.11 Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute this MOU.

5.12 No Third Party Beneficiaries. Except as may be expressly set forth herein, the parties hereto do not intend to confer any rights or remedies upon any person other than the parties hereto.

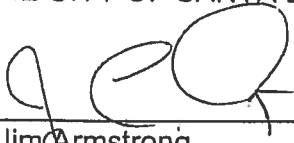
5.13 Incorporation of Attachments. All Attachments referred to in this MOU or attached to this MOU are hereby incorporated in this MOU as though fully set forth herein.

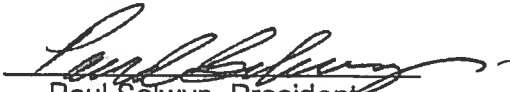
IN WITNESS WHEREOF, the parties have executed this MOU as of the 29th day of April, 2009, in Santa Barbara, California.

THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA BARBARA

CHILDREN'S MUSEUM
SANTA BARBARA

By: _____


Jim Armstrong
Executive Director


Paul Selwyn, President

APPROVED AS TO CONTENT
HOUSING AND REDEVELOPMENT
MANAGER

By: _____


Brian Bosse

APPROVED AS TO FORM
AGENCY COUNSEL

By: _____


Sarah Knecht

ATTEST
ASSISTANT AGENCY SECRETARY

By: _____


Paul Casey

Redevelopment Agency Parcel Legal Descriptions
125 State Street
Children's Museum of Santa Barbara Ground Lease

Assessor's Parcel Number: 033-075-12

All that certain real property situated in the County of Santa Barbara, State of California, described as follows:

That portion of Block 306 of the City of Santa Barbara, County of Santa Barbara, State of California, according to the official map of said City, described as follows:

Beginning at the point of intersection of the Southeasterly line of Yanonali Street with the Southwesterly line of State Street, as shown on said map, said point being the most Northerly corner of said Block 306;

thence Southeasterly along said Southwesterly line of State Street, 150.00 feet;

thence Southwesterly, parallel with said Southeasterly line of Yanonali Street, 200 feet to the Northeasterly line of Kimberly Avenue;

thence Northwesterly along said last mentioned street line, 150.000 feet to its intersection with said Southeasterly line of Yanonali Street;

thence Northeasterly along said last mentioned street line 200.00 feet to the point of beginning.

Excepting therefrom all minerals and mineral rights, interests, and royalties, including, without limiting, the generality thereof, oil, gas and other hydrocarbon substances, as well as metallic or other solid minerals, in and under said land; however, without the right for any purpose whatsoever to enter upon, into or through the surface of said land as reserved by Southern Pacific Transportation Company, a Delaware Corporation in deed recorded March 26, 1993 as Instrument No. 93-022717 of Santa Barbara County Official Records.

Assessor's Parcel Number: 033-075-14

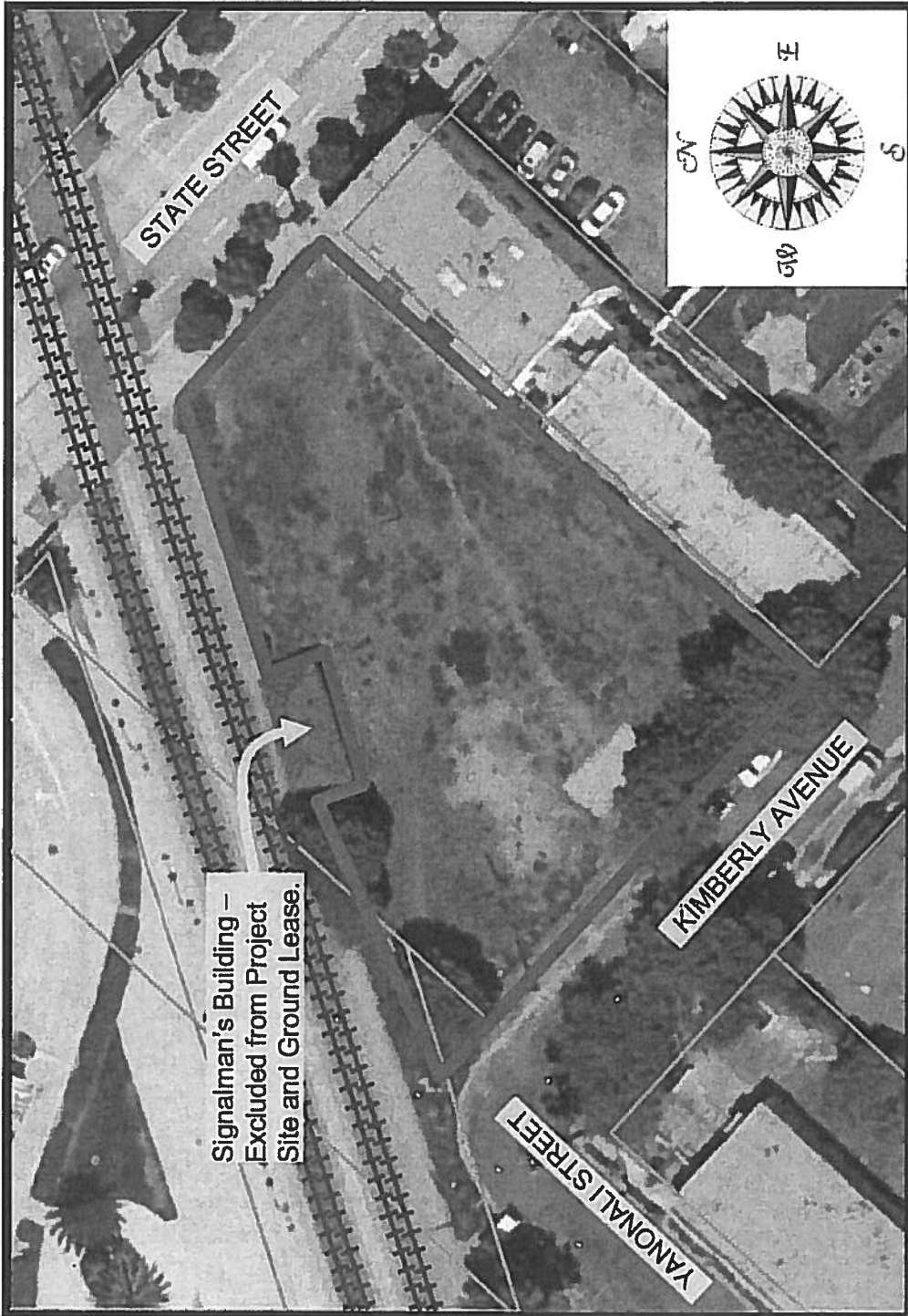
All that certain real property situated in the County of Santa Barbara, State of California, described as follows:

All of that certain portion of Yanonali Street described as follows:

Beginning at the most Easterly corner of Block 288 in the City of Santa Barbara, according to the Official Map thereof, being the intersection of the Southwesterly line of State Street and the Northwesterly line of Yanonali Street;

Exhibit B

Children's Museum Santa Barbara – Project Site / Ground Lease Area



— Project Site / Ground Lease Area

CHILDREN'S MUSEUM
NEGOTIATION and ENVIRONMENTAL REVIEW SCHEDULE Exhibit C

FUNDRAISING		PROJECT DEVELOPMENT
2008		
Q4		RDA provides site survey & prelim. title report property descriptions
2009		
Q1		PRT application; Community Priority application Review draft DDA
Q2	PHASE I: Pave the Way Campaign 50% of goal	MOU approval (Board)/Prelim. Comm. Priority (Council) Preliminary architectural designs Initial HLC concept review
Q3	PHASE I: Pave the Way Campaign 100% of goal	Schematic and design development drawings Begin remediation of site contamination (by RDA)
Q4	Planning for Goal Feasibility Study	DART application and review Application deemed complete (Planning) City undertakes environmental review pursuant to CEQA
2010		
Q1	PHASE II: Goal Feasibility Study Top 5 lead donors, top 15 prospects identified Capital Campaign Goal established	
Q2	PHASE III: Capital Campaign Cabinet formation Planning, research of prospects	Planning Commission: Development Plan, Coastal Dev. Permit, env rev approval Agency Board approves DDA, lease (after completion of environmental review) DDA signed HLC Preliminary Approval Council: Community Priority Designation final approval Construction Drawings
Q3	PHASE IV: Capital Campaign Leadership Gifts 5% of goal	
Q4	PHASE V: Capital Campaign: 25% of goal	HLC final approval
2011		
Q2	PHASE V: Capital Campaign: 50% of goal	
Q4	PHASE V: Capital Campaign: 75% of goal	Grading, building, and Public Works construction permits Lease signed/executed and Memorandum of Lease recorded by City Clerk
2012		
Q2	PHASE V: Capital Campaign: 100% of goal	Groundbreaking, site prep Construction (estimate 12 months)
2013		
Q2		Final Inspection & Certificate of Occupancy OPENING DAY!