

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereafter referred to as "Memorandum") is entered into between the **County of Union**, a political subdivision of the State of New Jersey (hereafter sometimes referred to as "County"), whose address is 2 Elizabethtown Plaza, Elizabeth, New Jersey, 07207 and **The Children's Museum of Central New Jersey, a New Jersey Non-Profit Corporation**, (hereafter sometimes referred to as the "Children's Museum") whose address is c/o Heather Hays, 514 Fairmont Avenue, Westfield, New Jersey 07090:

WHEREAS one of the goals of the Children's Museum is to identify and locate property within the County of Union suitable for the construction of a children's museum and attendant recreational and cultural facilities; and

WHEREAS the County desires to assist the Children's Museum in realizing the above-mentioned goal by providing, among other things, financial and non-financial assistance, the financial assistance being comprised of a Grant of up to One Million (\$1,000,000) Dollars by the County to be used for the purposes outlined in this memorandum; (hereafter sometimes referred to as the "Grant").

NOW THEREFORE let the terms of this Memorandum serve as a guide to the parties and a memorialization of the County's goals and objectives with respect to the creation of a children's museum within Union County and the terms and conditions imposed and agreed upon, in principal, with respect to the distribution and expenditure of the proceeds of the Grant monies being offered. The parties agree, in principal, to the following terms and conditions:

1. The Children's Museum shall provide the County with copies of its Certificate of Incorporation, By-Laws, Minutes, unaudited accounting records, all existing contracts or commitments, all proposed budgets, the initial 1023 application for tax exemption, all supporting materials and the advanced letter ruling from the Internal Revenue Service granting the Children's Museum exempt status under Section 501(c) 3 of the Internal Revenue Code of 1986 as amended for the County's review.

2. The Children's Museum shall expand and elect to its Board of Trustees an additional three (3) Trustees to be selected at the sole discretion of the County, all of whom shall be voting Trustees, and will act as a liaison with the County. It is understood that these Trustees will serve so long as the Children's Museum is in operation. The Children's Museum will amend and file, if necessary, its organizational documents to reflect the additional Trustees to be added to its Board and provide the County with the amended and filed documents.

3. The County will provide Grant funding up to One Million (\$1,000,000) Dollars to the Children's Museum to assist it in attaining the goals outlined herein. Specifically, said Grant is to be used solely for the following purposes: (a) professional services for design and feasibility of a museum facility for up to two locations; (b) construction costs; (c) professional services of a construction manager; (d) accounting costs; (e) legal costs all directly related to the construction or acquisition of a suitable site. Said funds shall be obtained through the County voucher system through a sub-account to be established by the Trust Fund Administrator.

4. In the event the site chosen is on property owned by the County, then in that event the parties shall enter into a renewable twenty-five (25) year lease agreement (initial

term of twenty-five (25) years with two (2) twenty-five (25) year options), the terms of which shall be negotiated and acceptable to both parties. The issuance of the Grant is contingent upon the County and the Children's Museum entering into said lease agreement.

5. The Children's Museum shall maintain its non-profit corporate status in good standing with the State of New Jersey and the Federal government for the term of any agreement between the County and the Children's Museum.

6. The Children's Museum agrees that in consideration for the Grant, the following obligations shall be imposed: Independently of the Grant offered by the County, the Children's Museum shall raise the first \$6,000,000 of its \$12,000,000 goal within thirty-six (36) months of the date this Memorandum is signed by all parties; Thereafter, the Children's Museum shall raise a total of \$12,000,000 in Grant monies within seventy-two (72) months of the date this Memorandum is executed by all parties. The Children's Museum shall provide the County with a financial report on a quarterly basis, including but not limited to income statements and balance sheets, in a format acceptable to the County in its reasonable discretion, and such other financial documents as the County may require to verify the fund raising efforts of the Children's Museum.

7. If the Children's Museum cannot meet its fundraising goals, or if the Children's Museum cannot meet its obligations as they become due, or otherwise fail to perform any of its obligations under this or any other agreement related to this Project, the County may terminate all agreements with the Children's Museum. It is understood that should the provision of this paragraph regarding termination occur, or any other circumstance occur which would give rise to a termination of this memorandum and

supporting agreements, then in that event, all design and construction related documents and plans shall be assigned to and become the property of the County. All professional and other agreements entered into by the Children's Museum in implementation of the Project outlined herein shall be assignable to the County. Executed copies must be provided by the Children's Museum within five (5) business days after signed by all parties for review by the County and/or its legal representative with respect to the form and assignability of the Agreement only. Provisions in the aforementioned Agreements requiring assignability to the County are conditioned upon said provision not being legally impermissible for nonprofit organizations under current law, both State and/or Federal. Should the Children's Museum be unable to achieve its fundraising goals, then the County shall give the Children's Museum notice and an opportunity to cure. The Children's Museum will be given a period of thirty (30) days after such notification to try to achieve its funding objectives as outlined in paragraph (6) above.

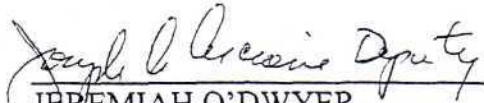
8. The rights of the County under this Memorandum of Understanding may not be subordinated by any later agreements entered into by the Children's Museum.

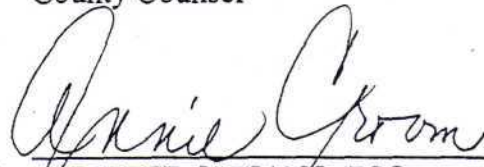
9. Payment of the \$1,000,000 in grant monies as outlined in paragraph (3) and elsewhere in this Agreement shall be made by the County in installments over a period of eighteen (18) months, commencing after the full execution of this Agreement by all parties.

10. This Memorandum shall not be binding until approved by the Union County Board of Chosen Freeholders by resolution after identification of the availability of funds.

WHEREFORE the parties have hereunto signed this Memorandum
Understanding this 20th day of JUNE, 2003.

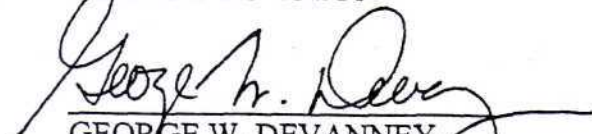
Approved as to Form:


JEREMIAH O'DWYER
County Counsel


ANNETTE QUIJANO, ESQ
Clerk of the Board
Deputy

Witness:

COUNTY OF UNION


GEORGE W. DEVANNEY
County Manager

THE CHILDREN'S MUSEUM
CENTRAL NEW JERSEY, A
JERSEY NON-PROFIT
CORPORATION

HEATHER HAYS
Executive Director