MEMORANDUM OF UNDERSTANDING
LUCAS MUSEUM OF NARRATIVE ART

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made as of September 8, 2014, between the Chicago Park District, a municipal corporation organized and existing under the laws of the State of Illinois ("Park District") and the Lucas Museum of Narrative Art, a California nonprofit public benefit corporation ("LMNA").

RECITALS

A. The Park District is the owner of over 8,000 acres of land in the City of Chicago, including the area known as the Museum Campus along the lakefront in downtown Chicago.

B. The Museum Campus is the home of the Adler Planetarium, The Field Museum and the John G. Shedd Aquarium. The Park District is also the owner of the land upon which eight other museums are located: the Art Institute of Chicago (Grant Park), the Museum of Science and Industry (Jackson Park), the DuSable Museum of African American History (Washington Park), the Chicago History Museum (Lincoln Park), The Peggy Notebaert Nature Museum (Lincoln Park), the Museum of Contemporary Art (Lake Shore Park), the National Museum of Mexican Art (Harrison Park), and the Institute of Puerto Rican Arts & Culture (Humboldt Park). These eleven museums are independent, nonprofit institutions, and each uses park land free of charge.

C. LMNA has proposed to develop and operate a new museum ("Museum") in the Museum Campus. A task force appointed by Mayor Emanuel selected the Museum’s location based on its accessibility to public transportation, ease of access from all parts of the city, potential to create significant new green space, and its ability to accommodate an iconic structure.

D. The land on which the Museum will be located is owned by the Park District.

E. The mission of the Museum is to collect, preserve, exhibit, study, and promote narrative art and the evolution of moving images, from illustration to cinema to the digital mediums of the future. The Museum’s collection spans a century-and-a-half and features the images and the mediums that have profoundly shaped our cultural heritage. The Museum will support the innovations of the digital age while emphasizing the visitor’s experience, community involvement, diversity, and a commitment to excellence in art, architecture, and creativity. Public outreach and educational programming are central to the mission and public service goals of the Museum.

F. The parties believe the Museum will enhance the recreational, cultural and educational facilities and resources in the Museum Campus and will encourage the public use of such facilities and resources.
G. The purpose of this MOU is to outline the preliminary terms that have been discussed between the Park District and LMNA regarding the beautification and use of the Museum Site (as hereinafter defined) and the construction, use and operation of the Museum. The proposed development will not proceed unless and until the parties have negotiated, executed and delivered mutually acceptable agreements following public review and hearing processes and subject to all applicable governmental approvals, including City Council action and Park District board approval.

UNDERSTANDINGS

1. **Location.** The Museum will be located in the Museum Campus in the area generally lying between East Waldren Drive on the north and the McCormick Place Lakeside Center (East Building) on the south (the “Project Area”). The Project Area is now used for structured and surface parking and is generally depicted on Exhibit A attached hereto. The Park District and LMNA will mutually agree upon a specific site within the Project Area for the Museum (the “Museum Site”).

2. **Use of Museum Site.** The Park District will permit LMNA to construct, operate and maintain a building (the “Museum Building”) on the Museum Site, to be open to the public and used solely and exclusively for the purpose of operating and maintaining a museum consistent with the educational and cultural mission of LMNA (the “Museum Purpose”), for so long as LMNA is then in material compliance with the terms of the operating agreement described in paragraph 10 below. LMNA will maintain the Museum Building and the Museum Site in a state of good condition and repair consistent with that of the other museums located on Park District property.

3. **Open to the Public.** Following completion of construction of the Museum Building, the Museum will be open to the general public and will operate in compliance with the Park District Aquarium and Museum Act, 70 ILCS 1290/1, *et seq.* (the “Museum Act”), and the duly adopted rules and procedures of the Park District applicable to all museums located on Park District property. The Park District will retain police control over the entire Project Area under its jurisdiction, including the Museum Site.

4. **No Public Funding.** The budget for the design and construction of the Museum is estimated to range between $300 and $400 million. LMNA will receive no funding from the Park District or the City of Chicago for the design, construction, operation or maintenance of the Museum. LMNA further waives any claim or right to participate in the Park District’s annual allocation of tax revenues to the eleven “Museums in the Park” to subsidize operations and maintenance. Nonetheless, the Museum will offer free admission in accordance with the Museum Act’s requirements for the tax-based subsidy, as such requirements may be amended. The Museum Act currently requires free admission (a) at least 52 days a year, such days to be determined by LMNA (provided that at least 6 days shall be during the period June through August each year), and (b) year-round for Illinois children on class trips.
5. **Admission Fee.** The Museum may charge an admission fee to the extent authorized by state law, provided the Museum must devote the proceeds of admission fees exclusively to the use, maintenance, management, and control of the Museum, the Museum Building and the Museum Site, including, without limitation, the purchase or replacement of instruments, equipment and other devices used or useful in operating the Museum, and the expansion of the Museum’s collection of art objects and other materials.

6. **Endowment.** George W. Lucas, Jr. and/or certain of his affiliates will establish an endowment in an amount to be agreed upon by the parties and that is estimated to be sufficient, when combined with annual revenue from admission fees set forth in paragraph 5 above and all other sources, if any, to fund the Museum’s future operating expenses and capital expenditures. The parties will agree upon the schedule for funding the endowment. Neither the Park District nor the City of Chicago will have any obligation or responsibility of any kind for any Museum capital or operating deficiency or shortfall. LMNA will furnish to the Park District promptly upon receipt a copy of its annual audited financial statements and such other reports as the Park District may require from the other Museums in the Park.

7. **Park District’s Termination Right.** Following the completion of construction of the Museum Building, if LMNA ceases to use the Museum Building for the Museum Purpose for a period of six (6) months or more (excluding closures for (a) maintenance and repairs, (b) the time period necessary to receive proceeds from any insurance policy covering any portion of the Museum Site or Museum Building in the event of a casualty, (c) reconstruction in the event of a casualty, (d) events of force majeure, or (e) inability to so use the Museum Building due to acts or omissions of parties unaffiliated with LMNA, including trespass), then, in such event and only such event, all rights of LMNA in the Museum Site and in the Museum Building shall at once terminate and the Museum Site and the Museum Building (exclusive of LMNA’s collection and other private or personal property) shall thereupon be and become the property of the Park District, at its election.

8. **Construction at LMNA's Sole Cost.** LMNA will design, construct, equip, furnish, manage and operate the Museum, and beautify and landscape the Project Area, at its sole cost and expense, without any obligation on the part of the City of Chicago or the Park District to make any financial contribution to the foregoing, regardless of final cost. LMNA will be responsible for all construction work related to the Museum and all initial landscaping within the Project Area, including, without limitation, relocation and installation of utilities located thereon. LMNA will assume the risk of revised cost assumptions, construction delays, and any other unforeseen circumstances that could result in construction cost overruns for the foregoing work.

9. **Development Agreement.** LMNA and the Park District will enter into a development agreement outlining the terms and conditions of the construction and financing of the Museum and the respective roles and responsibilities of each party. The development agreement will require LMNA to construct the Museum in a manner consistent with a schedule, budget and design approved by the Park District. The development agreement will provide assurances to the Park District that sufficient funds will be available for timely
payment of construction and development costs. LMNA will not cause or permit any lien to be imposed upon the Project Area, except that LMNA shall have the right to bond or insure over mechanic’s liens within 30 days of notice to LMNA of filing thereof. The site plan for the Museum and the plans and specifications for the project will be subject to Park District approval. Any material and substantial changes to the plans and specifications will be subject to the approval of the Park District. The development agreement will define the meaning of material and substantial changes.

10. **Operating Agreement.** LMNA and the Park District will enter into an agreement governing the use of the Museum Site consistent with this MOU. The operating agreement will provide that, subject to the rules and regulations of the Park District, LMNA will have the exclusive right to occupy, use, maintain, manage, and control the Museum Building and the Museum Site. In furtherance of the foregoing, it is understood that notwithstanding the Park District’s ownership of the Museum Site, so long as LMNA is operating the Museum for the Museum Purpose, LMNA shall have full and exclusive operational control of the Museum Building and any other improvements located on the Museum Site to permit LMNA (a) to make all repairs and improvements to the Museum Building and Museum Site, subject to Park District approval for material and substantial changes (to be defined in the operating agreement), and (b) to conduct all business and affairs related to the operation of the Museum, including, without limitation, the employment of all employees; the selection of content and manner of presentation of all programs, lectures and exhibits; the purchasing of all materials, supplies and equipment; the making of all interior alterations; and such other activities as may be necessary or appropriate to the operation of the Museum.

11. **Compliance with Design Standards and MBE/WBE Requirements.** LMNA will comply with the Park District’s standards for design and construction and the Park District’s MBE/WBE hiring and prevailing wage requirements. The specific requirements of the Park District relating to the foregoing shall be detailed in the development agreement.

12. **Approvals.** LMNA will obtain all permits or approvals required for the Museum at its sole cost and expense, including, without limitation, an amendment to Planned Development No. 778 and approval under the Lake Michigan and Chicago Lakefront Protection Ordinance. The City of Chicago and the Park District will cooperate with LMNA at their respective cost and expense in seeking such approvals.

13. **Replacement of Soldier Field Parking.** The Chicago Bears have the right to use the Project Area for parking on game days pursuant to an agreement with the Park District. As part of the construction of the Museum Building, LMNA will construct replacement parking for any currently existing parking spaces which may be lost due to LMNA’s construction and beautification work in the Project Area, and the Bears will have the right to use the replacement parking as necessary to satisfy the Park District’s obligations to the Bears. LMNA acknowledges that the Park District has informed LMNA that it intends to work with the Bears to find a suitable site(s) for tailgating during Bears home games.
14. **Expansion of Green or Landscaped Open Space.** LMNA will expand the green or landscaped open space in the Project Area, including replacing existing surface parking lots with natural landscaping, as more specifically provided for in the development agreement. The foregoing shall not require LMNA to landscape staging areas for the construction of the Museum during the period of such construction.

15. **Improved Access to Lakefront.** LMNA will construct improvements, at no cost to the Park District or City of Chicago, to increase pedestrian and bike access to Northerly Island Park. For the avoidance of doubt, LMNA will not be responsible for any repairs, maintenance or upkeep relating to any such improvements not located on the Museum Site.

16. **Principal Place of Business; Form 990.** Following completion of the Museum Building, LMNA will move its principal place of business to Chicago. LMNA will provide the Park District with the Museum’s IRS Form 990 on an annual basis at the time it is filed with the IRS.

17. **Museum Name.** The name of the Museum will be “LUCAS MUSEUM OF NARRATIVE ART.” The name will appear on the exterior of the Museum in a manner acceptable to LMNA and the Park District.

18. **Indemnification.** LMNA will indemnify and hold the Park District and the City of Chicago, and their officers, commissioners and employees, harmless from and against any and all losses, damages, costs or expenses arising from or by reason of the construction and operation of the Museum, except for any losses, damages, costs or expenses attributable to the gross negligence or willful misconduct of the Park District and/or City of Chicago. Notwithstanding the foregoing, LMNA’s indemnification obligation shall not include costs or expenses incurred by the City of Chicago or Park District relating to (a) the defense of any action taken, including any litigation at law or in equity, to delay or deny the issuance of any governmental approvals required for the construction or development of the Museum Building on the Museum Site, or (b) matters involving repairs, maintenance or construction in areas outside of the Museum Site, other than matters associated with the initial landscaping and beautification of the Project Area, utility work in the Project Area, and the construction of a pedestrian bridge from the Project Area to Northerly Island.

19. **Effect of MOU.** This MOU is intended to provide a general framework for the subsequent negotiation of definitive agreements regarding the development and operation of the Museum and is not intended to create any binding contractual obligations on any party. This MOU does not address all material terms of the definitive agreements contemplated hereby and all terms of such agreements will be the subject of further negotiation. Neither party may claim any legal rights against the other by reason of this MOU. If LMNA and the Park District do not execute a development agreement and an operating agreement, each as described above, within twelve (12) months of the date hereof, this MOU shall terminate.

[Signature Page to Follow]
SIGNATURE PAGE
TO
MEMORANDUM OF UNDERSTANDING
LUCAS MUSEUM OF NARRATIVE ART

CHICAGO PARK DISTRICT:
By:__________________________
   Michael P. Kelly
Title: General Superintendent and CEO
Dated as of September 8, 2014

LUCAS MUSEUM OF NARRATIVE ART
By:__________________________
   George W. Lucas, Jr.
Title: President
Dated as of September 8, 2014