

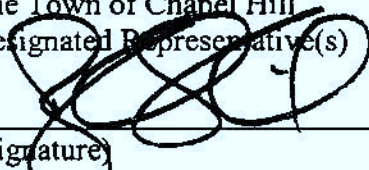
**Letter of Intent and Good Faith Agreement  
between  
The Town of Chapel Hill & Kidzu Children's Museum**

This Letter of Intent and Good Faith Agreement (Letter) establishes the interests of the Town of Chapel Hill (the Town) and Kidzu Children's Museum (Kidzu) to enter into good faith negotiations for the provision of space atop the Wallace Parking Plaza (the Plaza) located at 150 E. Rosemary Street for Kidzu to construct a children's museum of approximately 15,000 square feet. This Letter also establishes the parties' interest in providing additional dedicated space to Kidzu atop the Plaza for outdoor programming, exhibits and/or other museum activities. It is the Town's present intention to provide space and Kidzu's present intention to pursue use of that space for construction of Kidzu's children's museum and for outdoor museum activities. The parties intend that the space would be made available at little or no charge to Kidzu and that a lease of air rights for said project would be provided of sufficient length to justify Kidzu's investment in construction and operation of the museum at this site. The physical building that would become the future Kidzu Children's Museum will be built with funding raised by Kidzu.

Both parties pledge to work toward a timetable to present a formal agreement to the Town Council by November 24, 2008.

This Letter is non-binding for both parties and is intended to establish a basis for future definitive discussions and contract negotiations, pending positive results from fundraising and operational feasibility assessments conducted by Kidzu. This Letter does not preclude the Town from talking to other parties about future usage of the discussed space, but if such discussions do take place with another party, the Town shall notify Kidzu representatives at the onset of such discussions; likewise, Kidzu shall notify the Town if its interests change. This Letter is not intended to be, and shall not constitute in any way, a binding or legal agreement or impose any legal obligation or duty on either the Town or Kidzu.

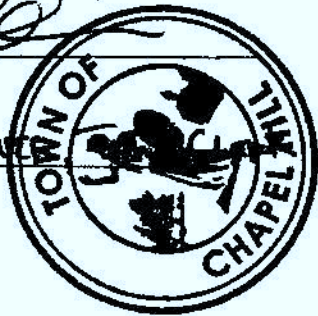
The foregoing Letter reflects our mutual understanding of intention and is signed on behalf of both parties this the 26 day of Sept, 2008.

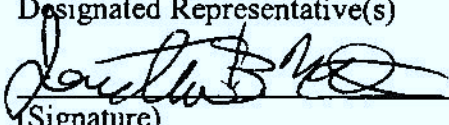
The Town of Chapel Hill  
Designated Representative(s)  
  
\_\_\_\_\_  
(Signature)

ROGER L. STANCIL, MANAGER  
(Name & Title)


Attest:   
\_\_\_\_\_  
(Signature)

SABENA M. OLIVER  
(Name & Title)



Kidzu Children's Museum  
Designated Representative(s)  
  
\_\_\_\_\_  
(Signature)

JONATHAN B. MILLS, BOARD CHAIR  
(Name & Title)

Attest:   
\_\_\_\_\_  
(Signature)

Catherine Manis, Executive Director  
(Name & Title)