MEMORANDUM OF UNDERSTANDING

among the

CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE

and the

STATE COASTAL CONSERVANCY

and the

SANTA MONICA BAY RESTORATION COMMISSION

and

THE ANNENBERG FOUNDATION

regarding

RESTORATION PLANNING FOR THE BALLONA WETLANDS

This Memorandum of Understanding ("MOU") is by and between the California Department of Fish and Wildlife, hereinafter called the "Department," the State Coastal Conservancy, hereinafter called "SCC," the Santa Monica Bay Restoration Commission, hereinafter called "SMBRC," and The Annenberg Foundation, hereinafter called the "Foundation." The Department, SCC, SMBRC, and Foundation are collectively the "Parties." The Department, SCC, and SMBRC are collectively the "Public Agencies." This MOU is for the purpose of defining the objectives and planning processes for the collaborative development of an innovative public/private partnership to facilitate the possible creation of an interpretive center and related public access amenities that would greatly improve the benefit to the public of the proposed restoration of the Ballona Wetlands Ecological Reserve ("BWER"). One goal of the Parties is that this collaboration could serve as a model for similar joint efforts that are intended to facilitate the implementation of public projects while incorporating philanthropic partners and community programs. This MOU memorializes the Parties' understanding concerning their expectations, goals, and objectives related to the BWER, and as such, is not intended to create any legal obligation between or among any of the Parties.

WHEREAS, Section 1580 of the Fish and Game Code states that the policy of the State of California is to protect threatened or endangered native plants, wildlife, or aquatic organisms or specialized habitat types, both terrestrial and nonmarine aquatic, or large heterogeneous natural gene pools through the establishment of ecological reserves; and

WHEREAS, the Department, SCC, SMBRC, and the State Lands Commission ("SLC") are undertaking the Ballona Wetland restoration project (the "Restoration Project") for lands owned by the State of California adjacent to Ballona Creek near the Santa Monica Bay, a total of

approximately 571 acres that include the 547 acres, parcels "A," "B," and "C," under the fee title ownership of the Department and the approximately 24 acres under the fee title ownership of SLC; and

WHEREAS, the Department, SCC and SLC have previously agreed to a planning approach for the Restoration Project set forth in those certain memoranda dated August 13, 2004, and May 19, 2008 for the purpose of developing project alternatives, conducting environmental review, obtaining permits, and completing planning for the restoration of all the state-owned properties, including Area C; and

WHEREAS, the Foundation is a non-profit, charitable organization that exists to advance the public well-being through improved communication and by creating opportunities and experiences that enhance quality of life, and

WHEREAS, the Foundation supports the goals and objectives of the entire 571 acre Restoration Project and desires to construct and operate interpretive facilities within a portion of Area C comprising approximately fifteen to twenty (15-20) acres (the "Ballona Interpretive Center") as well as provide funding for a uniform and consistent design related to the Restoration Project and more specifically to certain areas surrounding the Ballona Interpretive Center in furtherance of the conservation, restoration, educational and recreational uses on the BWER.

NOW THEREFORE, the Department, SCC, SMBRC, and the Foundation agree as follows:

I. GOALS AND PRINCIPLES

The Parties agree that the Ballona Interpretive Center furthers the goals and objectives of the Restoration Project and could serve as a model for future public private philanthropic partnerships. The Parties agree to work together to evaluate the feasibility of locating the Ballona Interpretive Center within Area C. The goal of the Ballona Interpretive Center is to promote respect, appreciation and stewardship among people, animals and all natural ecosystems, including the wildlife that lives within BWER and Santa Monica Bay. This goal furthers the restoration and enhancement of BWER by creating opportunities for aesthetic, cultural, recreation, conservation, research, and educational use of BWER that are compatible with the environmentally sensitive resources of the area and Department regulations and policies.

The Foundation is willing to design, construct, maintain, and operate the Ballona Interpretive Center and supporting infrastructure which could include such items as restrooms, interpretive elements, recreation elements, and landscape elements. The Foundation intends to plan and design the area surrounding the Ballona Interpretive Center as an integrated element of the Restoration Project.

The Foundation's objective is to start construction of the Ballona Interpretive Center in 2014. The Parties agree that the Ballona Interpretive Center may be planned, designed, and permitted to proceed in a phased approach that would enable its construction to commence prior to the restoration work on Areas A, B, as well as the balance of Area C.

The Parties expect an undetermined amount of fill originating from Areas A and B to be deposited within Area C. The Parties agree to collaborate in developing feasible options for the disposition of such fill and that the final quantity of fill that will require depositing within Area C may not be determined until construction begins in Area A and/or B. Nevertheless, the Parties agree to, the extent reasonably feasible, establish options that would accommodate the Foundation's objective to start construction by the end of 2014.

The Foundation would design the Ballona Interpretive Center, with input from the Department, SCC, and SMBRC, with the final approval of the design subject to the mutual agreement of the Department and the Foundation.

The Parties agree to cooperate with each other and coordinate with regard to any communication with any other entity not a party to this MOU concerning the Restoration Project and/or the Ballona Interpretive Center.

II. THE BALLONA INTERPRETIVE CENTER PROJECT OBJECTIVES

The Parties understand that the Foundation's objectives for the Ballona Interpretive Center project are as follows: The Ballona Interpretive Center would be devoted to interpretive facilities, as well as renovated habitats and public access and uses that would support the Parties' overall goal of restoring, enhancing, and creating estuarine habitat and processes in BWER, as further set forth herein.

The Foundation is prepared to make a capital investment of approximately $35 to $45 million towards the Ballona Interpretive Center, including site earthwork and grading as needed for the Interpretive Center (the "Capital Investment"), as well as provide funding for the maintenance and operations of the Interpretive Center for the duration of the lease or similar agreement for the Ballona Interpretive Center. The Foundation is further prepared to provide additional funding and/or in kind benefits as set forth in Sections II a-f. The Foundation recognizes that circumstances could require it to increase the amount of its Capital Investment and such circumstances could include: unbudgeted cost overruns related to the Ballona Interpretive Center, additional environmental review as contemplated in Section III of this MOU, as well as larger than expected costs for removal of fill.

The Foundation contemplates the construction of the Ballona Interpretive Center as encompassing a footprint of not more than 46,000 square feet of building and likely including: an auditorium, classrooms, a public lobby, facilities for an animal adoption and care program, exhibits on and inclusive of wildlife and domestic animals, veterinary facilities limited to care for program related animals housed on site only, office space for administrative and educational staff (including at least one Department employee), optional retail space and associated parking consistent with applicable code requirements to facilitate access to both the Ballona Interpretive Center and the Restoration Project.

The wildlife and domestic animal program and exhibits housed in the Ballona Interpretive Center would provide interpretation about animals and their habitats, including: responsible treatment of all animals, domestic and wild; proper techniques for recreating outdoors with pets in ways that are respectful of sensitive natural ecosystems and allow humans,

domestic animals, and wildlife to coexist; human-wildlife interactions and how to minimize conflicts; the cultural history of the area including the ways that the Native Americans incorporated wildlife and animals into their lives; and other educational messages about the importance of wetlands, conserving and protecting wildlife and their habitats. The final design and content of the initial program and exhibits housed in the Ballona Interpretive Center shall be subject to mutual approval of the Department and the Foundation prior to project construction. Any changes to programs and exhibits shall continue to be subject to mutual approval of the Department and Foundation.

The Foundation contemplates that the space within the Ballona Interpretive Center will be designed to encourage congregation and visitation, including promoting and facilitating responsible outdoor recreation. The Parties envision that the allocation of space within the Ballona Interpretive Center would comprise the following: up to 25% used for live animal programming, approximately 50% for education (including education related to the role of animals in urban ecology), and approximately 25% for administration and support spaces. The live animal programming would include an animal adoption program with themed adoption rooms for dogs and cats, holding/intake space for future adoptive pets, and veterinary services for the pets while in residence. Animals other than dogs and cats will not be included in any Ballona Interpretive Center animal adoption program without prior Department approval. Nor will hybrids of dogs or cats be included in any Ballona Interpretive Center animal adoption program without prior Department approval. The Ballona Interpretive Center will be designed to manage access of people and animals to sensitive habitat. The Foundation also contemplates that any veterinary services at the Ballona Interpretive Center would be capable of caring for both wild and domestic animals housed on site and would be available to the Department for uses in furtherance of its mission as part of the public education and outreach portion of the Ballona Interpretive Center (e.g., wild animal triage, law enforcement dogs, etc.).

A key goal of the Foundation will be to provide support for existing programs currently run within BWER, such as marsh and dune tours, providing program space for classes and lectures furthering the current volunteer based habitat restoration program and the promotion of nature study, bird watching classes and tours.

In addition to its Capital Investment, the Foundation will assist the Restoration Project by providing the benefits set forth in Sections a-f below:

a) Commencing on the date sixty (60) days after execution of this MOU, and continuing for a period of five (5) years unless earlier terminated for the reasons set forth below, the Foundation or a related entity will provide financial support for ongoing day to day operations throughout the BWER (but excluding the Ballona Interpretive Center) including: habitat and species management and protection, biological and public use monitoring and oversight, enforcement of ecological reserve rules and regulations (especially illegal dumping, homeless encampments, etc.), one staff person either hired by or for the Department, infrastructure improvements and maintenance, monitoring and oversight, exotic plant control, and other expenses identified in the Property Analysis Record ("PAR") prepared for the Department a copy of which is attached hereto as Exhibit "A". Such support will be in the form of a grant from the Foundation or a related entity to the State of California or a mutually agreed upon entity, and any such grants will be restricted for the expenses described above. The

Department will be required to provide annual reporting to the Foundation on the use of such funds. The amount of such grant will be $200,000.00 per year for a period of five (5) years, provided, however, that if the timeline of December, 2014 for issuance of all permits and regulatory approvals necessary to permit the Foundation to commence construction of the Ballona Interpretive Center, as set forth on Exhibit "B" attached hereto, cannot be met, the Foundation and the Department will meet to discuss and confer as to the reasons for any such delay, and the Foundation will have the option to terminate any further grant payments under this section IIa if it determines in good faith that the originally contemplated timeline cannot be met.

b) Providing financial support directly from the Foundation or a related entity for on-going, day-to-day operations throughout the BWER (but excluding the Ballona Interpretive Center) including: habitat and species management and protection, biological and public use monitoring and oversight, enforcement of ecological reserve rules and regulations (especially illegal dumping, homeless encampments, etc.), one staff person either hired by or for the Department, infrastructure improvements and maintenance, monitoring and oversight, exotic plant control, and other expenses identified in the PAR. Such support will be in the form of a grant from the Foundation or a related entity to the State of California or a mutually agreed upon entity, and any such grants will be restricted for expenses set forth in the PAR. The Department will be required to provide annual reporting to the Foundation on the use of such funds. The amount of such grant will be $400,000.00 per year, subject to adjustment as provided below, commencing on the completion of the Ballona Interpretive Center, and terminating upon the expiration of the lease or similar agreement for the Ballona Interpretive Center. The annual grant amount stated above is based on the value of the United States Dollar on the January 1 preceding the date of completion of the Restoration Project. The amount shall be adjusted on an annual basis by the Foundation based on the rolling average of the percentage increase in the Consumer Price Index for the Los Angeles-Riverside-Orange County area (All Urban Consumers, All Items, Not Seasonally Adjusted) published by the United States Department of Labor, Bureau of Labor Statistics (the "Index") for the three (3) calendar year period preceding the date of adjustment, provided that in determining such average, a three percent (3%) increase will be substituted for any actual yearly increase in the Index that exceeds that percentage. If the Index or Bureau is discontinued without a successor being established, the Foundation shall reasonably designate a substitute index which shall be reasonably used in a like manner to determine the change in the value of the Dollar from time to time.

c) Developing a uniform, integrated design for Areas A, B, and C by providing design plans and standards for public access and signage.

d) Assisting with a public education campaign about the Restoration Project and the Ballona Interpretive Center. If the Ballona Interpretive Center is constructed, the Parties acknowledge that such public education efforts may need to be continued until the end of the construction of the Restoration Project, and will discuss ways in which the Foundation can assist in supporting such public education efforts post completion of the Ballona Interpretive Center.

e) Providing community access and an educational gateway to the Restoration Project through the restoration of habitat in an area around the Ballona Interpretive Center that includes trails and other features, up to a maximum dollar commitment of $2 million.

f) Restoring and improving the existing Little League Fields in Area C.

III. PROJECT PLANNING MANAGEMENT

A Ballona Interpretive Center management team consisting of staff from the Department, SCC, SMBRC, and the Foundation (collectively the "Management Team") will develop a meeting schedule in order to coordinate activities and resolve issues related to reviewing the feasibility and planning the design of the Ballona Interpretive Center including any regulatory changes required to accommodate the Ballona Interpretive Center within BWER. Upon signing this MOU, the Management Team members will provide to the Foundation all of the relevant documentation reasonably requested by the Foundation to permit the Foundation to plan and design the Ballona Interpretive Center. If the siting of the Ballona Interpretive Center is deemed feasible within Area C by all members of the Management Team, and subject to any required environmental review, the Foundation will seek to enter into a long-term lease, operating agreement, or other mutually acceptable arrangement that will allow it to construct and operate the Ballona Interpretive Center within Area C. Along with such agreement would be a proposed "Public Access, Management and Operating Plan" for the Ballona Interpretive Center that would be developed by the Foundation with input from the Management Team. Any final Public Access, Management and Operating Plan would require mutual approval by the Department and Foundation. The Department and Foundation agree to cooperate on all required local, state or federal permits, approvals, and environmental review necessary to construct and operate the Ballona Interpretive Center consistent with the Foundation's objective to commence construction by 2014.

The Department and Foundation further agree to collaborate on matters that the Parties agree are necessary to facilitate development of the Ballona Interpretive Center or the Restoration Project. Such collaboration could include consideration of legislation that would authorize the Department to lease the Ballona Interpretive Center site to the Foundation for a term of not less than fifty (50) years.

Consistent with II.(d.) above, the Management Team will also collaborate on a public education campaign related to the Restoration Project which would include the Ballona Interpretive Center project.

The Parties acknowledge the environmental review process for the Restoration Project is underway. The Department agrees to conduct a project-level review of the Ballona Interpretive Center's environmental effects in accordance with the California Environmental Quality Act ("CEQA") as an integrated part of the Restoration Project. Accordingly, the Foundation agrees to provide the Department with information required to prepare a legally defensible environmental review of the Ballona Interpretive Center project and alternatives as required under CEQA. In the event that analyzing the Ballona Interpretive Center's project as an integrated part of the Restoration Project necessitates additional environmental review that otherwise would not have been required without the Ballona Interpretive Center project, the Foundation and the Department agree to discuss additional funding from the Foundation for the reasonable costs of such additional environmental review. Additional environmental review includes: revising and recirculating a draft environmental impact report ("EIR"), preparing a supplemental EIR, preparing a subsequent EIR, and preparing an addendum to an EIR.

The Parties agree to work together to clear any title issues and to ensure that the Ballona Interpretive Center project is consistent with all regulatory and statutory requirements.

The Parties agree to undertake a reasonable, good faith effort to meet the timeline for construction of the Ballona Interpretive Center as set forth in Exhibit "B" attached hereto. The Parties acknowledge that the timeline in Exhibit "B" represents goals and that the failure to meet the timeline does not serve as the basis for a claim by the Foundation against any of the Public Agencies. As part of its reasonable, good faith effort, the Department will endeavor to complete the necessary and appropriate compliance with CEQA, including any certification of a final EIR for the Ballona Interpretive Center, within the timeline in Exhibit "B." If it appears to the Parties that the Ballona Interpretive Center cannot commence construction by the end of 2014, the Foundation may collaborate with the Department to place a temporary, mobile structure on the Ballona Interpretive Center's proposed location. The placement of such temporary, mobile structure shall comply with applicable laws and regulations and would be for purposes of commemorating certain Foundation milestones in place of commencing construction. The Parties anticipate that such temporary, mobile structure would house plans, specifications, models, and/or similar informational items related to the Ballona Interpretive Center, Restoration Project, and BWER.

The Parties agree and acknowledge that the Ballona Interpretive Center will be named "The Wallis Annenberg Interpretive, Education and Ecology Center at Ballona Wetlands", or such other name as mutually agreed to by the Foundation and the Department.

Nothing in this MOU shall be construed as an approval by any of the Public Agencies of the proposed Ballona Interpretive Center, or as limiting any of the Public Agencies' discretion with regard to the consideration of the Foundation's request for approval of the Ballona Interpretive Center project following the Department's completion of environmental review in accordance with the requirements of CEQA. Additionally, this MOU shall not be construed as limiting the Department's independent judgment and analysis in preparing and certifying the environmental review for the Ballona Interpretive Center project or as limiting the Department's consideration of meaningful alternatives to or mitigation measures for the Ballona Interpretive Center project as required by CEQA.

IV. AMENDMENT AND TERMINATION

This MOU can only be amended or modified by a written agreement duly executed by all of the signatory parties: the Department, SCC, SMBRC, and the Foundation. This MOU will terminate automatically at the conclusion of the planning process, defined for the purpose of this MOU as execution of a lease, operating agreement, or other mutually acceptable arrangement that would allow the Foundation to construct and operate the Ballona Interpretive Center on Area C. This MOU may be terminated by the Department, SCC, SMBRC, or the Foundation with 60 days notice, during which time the Parties agree to meet in good faith to try to resolve any differences.

California Department of Fish and Wildlife

By: _____ Date: Jan 26, 2013
Its: Director

State Coastal Conservancy

By: _____ Date: 1/28/13
Its: _____

Santa Monica Bay Restoration Commission

By: _____ Date: Jan. 28, 2013
Its: _____

The Annenberg Foundation

By: Wallis Annenberg Date: _____
Its: _____

Exhibit A

[PAR]

Exhibit B

April 2013	Circulation of Draft EIR or other CEQA document with project-level review of the Ballona Interpretive Center
December 2013	Publication of Final EIR or other CEQA document with project-level details of the Ballona Interpretive Center
January 2014	Certification of EIR and potential approval of Department and Foundation Agreements
December 2014	Issuance of any other permits necessary to commence construction of the Ballona Interpretive Center
August 2016	Completion of construction for Ballona Interpretive Center