

**LETTER OF INTENT BETWEEN PARK CITY MUNICIPAL
COPORATION (“PCMC”) AND THE KIMBALL ART CENTER (“KAC”).**

**(PCMC and KAC may be referred to individually as a “party” and
collectively as “parties.”)**

July 6, 2017

**RE: DEVELOPMENT OF THE PARK CITY ARTS AND CULTURE DISTRICT (the
“District”).**

This Letter of Intent (“LOI”) outlines the agreement of the parties to participate in the development of the District. This LOI will facilitate PCMC’s adoption of a Municipal Transient Room Tax, pursuant to Utah Code § 59-12-3A et seq, as amended, and the approval of the Bonanza Park East purchase agreement. The parties intend to create the District in conjunction with the Sundance Institute (“Sundance”) and to that end PCMC will be entering into a similar LOI with Sundance.

The below terms are agreeable to the parties and the parties intend as follows:

- PCMC shall notice the purchase agreement for the Bonanza Park East property (see image attached hereto as Exhibit A) and enactment of a 1% Municipal Transient Room Tax for the purpose of acquiring Bonanza Park East for public hearing on July 13, 2017, with possible action on July 20, 2017.
- PCMC shall issue debt against the sales tax revenue generated by the tax.
- PCMC shall close on the acquisition of Bonanza Park East no later than January 31, 2018.
- PCMC, KAC and Sundance shall participate in the joint planning and design of the District with the intention of obtaining the approval of a Master Planned Development (“MPD”).
- The MPD process before Planning Commission and plat amendment before City Council shall run concurrently. Either party or KAC may decide to jointly or independently proceed with detailed architectural planning of their individual building(s) consistent with the MPD process at their own expense.
- PCMC shall issue a Request for Proposal (“RFP”) for the site plan, engineering and design component of the MPD. PCMC, at KAC’s request, may include a project scope alternative for additional design/architectural services for and to be paid by KAC.

- Subject to compliance with PCMC budget contract policies, the RFP for the MPD consultant(s) shall be approved by PCMC, Sundance and KAC by consensus vote.
- In planning and developing the District, all parties acknowledge that a central purpose of the District is to inspire creative expression and therefore agree to strive for a design of such District that is artistically and architecturally significant, so long as such design complies with City code.
- PCMC shall be the applicant and shall pay all costs associated with the MPD application and design costs of plans sufficient for a complete application. KAC may at its own cost procure additional detailed plans concurrently, including individual architectural plans of its Facilities.
- The MPD will adhere to the General Plan and Park City Land Management Code. No application for height exceptions are contemplated at this time.
- Once the MPD is approved and KAC has vested approval rights, KAC shall purchase from PCMC all land connected with and/or appurtenant to its new art center (“Facilities”) as determined in the joint MPD process at a projected cost of \$2,925,000 for approximately 15% of the site or 34,230 sq. ft. at \$85.5 per square foot.
- PCMC shall reserve an easement in the sale of land to KAC for the purpose of constructing underground parking, utilities and common facilities. PCMC shall be responsible for any environmental site remediation as part of the Parking Easement and Purchase Agreement.
- KAC will act as an anchor destination, along with Sundance, and will be located prominently in the District.
- KAC’s Facilities shall include a building consisting of office space, galleries, studios, kiln rooms, photo labs, a gift shop, a restaurant/café, and similar amenities (approximately 30,000 to 40,000 sq. ft.). KAC shall cover the full cost of building and engineering/design costs associated with its Facilities.
- KAC shall coordinate Facility design with overall master plan and parking design.
- The parties shall consider additional, creative ways to support the anchor tenants and future success and activities of the District in a continuous way, such as a management board supported by a percentage of annual transient room tax revenue.
- KAC shall reserve the right to sell any land purchased by KAC within the District should KAC determine in its sole discretion that it is not able to construct its Facilities. PCMC shall have a right of first refusal to purchase the land at the same price as that paid to PCMC by KAC.
- PCMC shall construct office and retail space, restaurants/café, event spaces, plazas, public ingress and egress, public art, nonprofit space complimentary to the District, affordable or attainable housing, and an innovation technology center or innovative food concept center, etc. (approximately 60,000 to 90,000 sq. ft.).

- PCMC shall construct, own, maintain, and operate approximately 400 parking stalls, including underground, surface and aboveground structured as determined necessary to serve the District by the MPD.
- PCMC shall construct and operate a transit connection hub within or adjacent to the District.
- PCMC shall retain ownership, management and control of all parking for the facilitation of the District.
- KAC shall pay an agreed rental amount to PCMC from the date of PCMC's closing on the Bonanza Park East property, or until such rents are assigned to PCMC, until KAC discontinues its operations from 1401 Kearns Blvd.
- PCMC shall hold all rents received from KAC and apply them as a credit towards the purchase by KAC of the land used for its Facilities.
- KAC and PCMC agree to renegotiate the Master Festival License Agreement dated December 19, 2016 between PCMC and KAC to incorporate, among other things, use of the new Facilities, special event use of flex plaza space, City parking, transportation, traffic mitigation, and new effective dates. The parties expect to complete and approve such amendments prior to closing on the purchase of KAC land for its Facilities.
- PCMC shall continue to assist KAC in its efforts to pursue other state and local government financial support of the KAC.
- PCMC shall use best efforts to find joint solutions with KAC to address increased challenges facing employee/artist housing.
- PCMC, KAC and Sundance shall review, approve and participate jointly in any relevant press and media releases and the parties intend that neither they nor KAC shall individually issue any such release.
- PCMC approval of this LOI is contingent upon the approval by the Park City Council at an open, public meeting (currently scheduled for July 20, 2017).

This Letter is intended to be a *nonbinding statement* and preliminary concept of the terms of the proposed transactions. It is subject to the preparation of the final purchase contract and any other documents reflecting the final agreement of the parties.

Accepted and agreed to by:

Kimball Art Center:

By: 

Its: BOARD CHAIR

Park City Municipal Corporation

By: 

Its: City Manager

EXHIBIT A

BPE Property



Aerial view of 5.25-acre parcel to be purchased by City