

**LETTER OF INTENT BETWEEN PARK CITY MUNICIPAL CORPORATION (“PCMC”) AND SUNDANCE INSTITUTE (“SUNDANCE”).**

**(PCMC and Sundance 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 Kimball Art Center (“KAC”) and to that end PCMC will be entering into a similar LOI with KAC.

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.
- Prior to Sundance’s purchase of the Sundance Lot under the Purchase Agreement (as defined below), PCMC, Sundance, and KAC 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 Sundance’s request, may include a project scope alternative for additional design/architectural services for and to be paid by Sundance.
- Subject to compliance with PCMC budget contract policies, the RFP for the MPD consultant(s) shall be approved by PCMC, Sundance and KAC by unanimous 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 and cost expectations of the parties.
- Each owner of a lot in the District shall be responsible to construct any necessary buildings, structures, and related appurtenances (the “Facilities”) approved in the MPD. Notwithstanding the foregoing sentence, as set forth below, the shared underground parking and facilities shall be constructed by PCMC at its sole cost and expense.
- 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. Sundance may at its option and 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.
- Sundance shall enter into a purchase agreement (the “Purchase Agreement”) with PCMC for all land connected with and/or appurtenant to its Facilities as determined in the joint MPD process at a projected cost of \$3,900,000, which equals approximately 45,640 sq. ft. at \$85.50 per square foot.
- PCMC shall reserve an easement in the sale of the Sundance Lot to Sundance for the purpose of constructing underground parking, utilities and common facilities under portions of the Sundance Lot pursuant to a separate easement agreement on a form reasonably acceptable to Sundance and PCMC (the “Parking Easement”). PCMC shall be responsible for any environmental site remediation as part of the Parking Easement and Purchase Agreement.
- Sundance will act as anchor destination, along with KAC, and will be located prominently in the District.
- The Facilities on the Sundance Lot may include, at Sundance’s Option and subject to the MPD, office space, archives/exhibition space, a publicly accessible hub for the Sundance Institute and the Sundance Film Festival, a 300-seat theater, gift shops, restaurants/café and similar amenities (approximately 40,000 to 50,000 sq. ft.).
- Sundance shall be responsible for the full cost of building and engineering/design costs associated with its Facilities other than the underground parking and utilities.

- Sundance shall coordinate the design of its Facilities 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. At a minimum, the parties expect to create a governance board and mutually beneficial CC&Rs consistent with the intent of the District.
- Sundance shall reserve the right to sell any land purchased by Sundance within the District should Sundance determine in its sole discretion that it is not able to construct its Facilities. PCMC shall have a right of first and last refusal to purchase the land at the same price as that paid to PCMC by Sundance. The terms and timing of the rights of refusal shall be negotiated and specified in the purchase agreement and shall address interest and transactional costs associated with the purchase & sale of the land incurred by Sundance. Should PCMC decline to purchase the land at such price, Sundance may sell the land to a third party at its sole discretion, subject to the terms of the MPD, purchase agreement/deed, and District governing regulations/CCRs.
- PCMC shall construct approximately 60,000 to 90,000 sq. ft. of addition District space, which will include a mix of office and retail space, restaurants/cafés, event spaces, plazas, public ingress and egress, public art, nonprofit space complementary to the District, affordable or attainable housing, artist residences, an innovation technology center, and/or innovative food concept center, etc.
- PCMC shall construct, own, maintain, and operate approximately 400 parking stalls, including underground, surface and aboveground structured as determined by the MPD.
- PCMC shall construct and operate a transit connection hub within or adjacent to the District.
- PCMC shall retain ownership and management of all parking constructed by PCMC, subject to the terms of the Parking Easement; provided of the MPD shall establish an allocation of parking to both KAC and Sundance at no cost.
- At Sundance's election, Sundance may occupy the existing office space in the Physician's Building and shall pay an agreed rental amount to PCMC from October 1, 2017 on a month to month basis.
- PCMC shall hold all rents received from Sundance, if any, and apply them as a credit towards the purchase by Sundance of the land used for its Facilities.
- Sundance and PCMC agree to renegotiate the Master Festival License Agreement dated October 30, 2013 between PCMC to Sundance to incorporate the new Facilities herein, and other matters including but not limited to mitigation of ambush marketing, special event use of flex plaza space and 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 Sundance's land for its Facilities and re-evaluate terms regarding Facilities upon their construction and initial use.

- PCMC shall continue to assist Sundance in its efforts to pursue other state and local government financial support of the Sundance Film Festival.
- PCMC shall use best efforts to find joint solutions with Sundance to address increased challenges facing festival lodging and 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.
- Subject to terms of mutual agreement, KAC and Sundance expect to have a joint use agreement of their respective Facilities with each other.
- 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 other agreements reflecting the terms and conditions set forth in this LOI and other terms that are agreed to by the parties.

**Accepted and agreed to by:**

**Sundance :**

By: 

Its: CFO + MB 7.7.17

**PCMC Municipal Corporation**

By: 

Its: City Manager

**EXHIBIT A**

**BPE Property**



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