

**MEMORANDUM OF UNDERSTANDING
PS MILLER PARK SNOWSPORTS FACILITY**

DATE: _____, 2015.

PARTIES: **TOWN OF CASTLE ROCK**, a Colorado home rule municipal corporation, 100 N. Wilcox Street, Castle Rock, Colorado 80104 (“Town”).

P3 ADVISORS, LLC, an Illinois limited liability company, 135 S. LaSalle Street, Suite 3025, Chicago, Illinois 60603 (“P3”).

The purpose of this Memorandum of Understanding (“MOU”) is to outline the structure of a business and financial arrangement between the Town and P3 which will enable P3 to develop a recreational amenity as outlined below (“Project”) in PS Miller Park (“Park”). Town and P3 intend for this MOU to form the basis for the parties continued due diligence and negotiations on the Project with the goal of developing definitive and binding agreements necessary to bring the Project to fruition. No contractual or other legal rights or obligations are created by execution of this MOU. Rather, the execution of this MOU signifies that the parties have identified mutually acceptable general parameters for the Project and their commitment to continue concerted and good faith efforts to develop the Project as outlined below.

Park Lessor: Town of Castle Rock

Developer/Tenant: P3 Advisors, LLC
135 S. LaSalle Street, Ste. 3025
Chicago, IL 60603

Leased Property: The preferred Project site is located on approximately 9.5-acres of vacant land in the Park depicted on *Exhibit A*. Alternatively, an approximately 13-acre parcel within the Park depicted on *Exhibit B* may be suitable for development of the Project as well. (The parcel ultimately selected for the Project is referred to as the “Site”).

Use: Operation of a year-round Snowsports facility open to the public, including but not limited to a lighted skiing/snowboarding slope with lifts/conveyors; a tubing run; a learning slope, a lodge, ski, snowboard, and mountain bike equipment and clothing and sundries sale and rental; food and beverage facilities; and an indoor/outdoor entertainment venue. Permanent structures will incorporate design and architectural features complimentary with those incorporated into the Park structures.

Land Use:

P3 will be responsible for obtaining land use approvals and required permits for the Project under Town regulations. Application for such approvals and permits are evaluated under prescribed criteria. The grant of such approvals and permits may entail construction or funding of on- and off-site transportation improvements directly related to the impact of the Project. In addition, the Project shall comply with the Parks & Recreation Master Plan, business plan and sign program for the Park.

The Project will be operated in strict compliance with all state and local regulations.

Lease Term:

Primary lease term of twenty-five (25) years for the Site, or such shorter term (in no event less than 20 years), as reasonably necessary for P3 to finance construction of the Project with institutional lenders (“Lenders”). The primary lease term may be extended for two additional 10-year terms at the option of P3, provided that the financial terms of the lease extension are mutually agreed.

Base Rent Schedule:

Primary Term:	\$100,000 per year in Years 1-5
	\$110,000 per year in Years 6-10
	\$125,000 per year in Years 11-15
	\$150,000 per year in Years 16-20
	\$200,000 per year in Years 21-25

First option period: To be determined
Second option period: To be determined

Base rent is payable in advance each year in two equal semi-annual installments. Base rent will commence when the Project is operational, or upon expiration of a pre-determined period after the Project site is made available for P3 to construct the Project, whichever occurs first.

Additional Rent:

Town will receive 5% of gross revenue generated from all revenue streams on the Property controlled by P3 or operating under contract or permission of P3 on the Site, but excluding revenues which are (i) subject to Town sales tax, or (ii) generated from the Park Fee (described below). Additional rent shall be paid in arrears, semi-annually concurrently with the base rent.

Project Improvements:

P3 will be responsible for necessary permitting, civil design, erosion control, fees, and construction or installation of all the public and private infrastructure and equipment necessary for the proper operation of the Project (“Improvements”). The “Public Improvements,” (defined below) including parking will be constructed primarily adjacent to the Site, within the Park. Town will authorize the Project contractor access to the Park in order to construct the Public Improvements. All Project costs will be borne by P3, other than the cost of the “Public Improvements” to be constructed with the Loan proceeds. Town anticipates that it will acquire additional property necessary for construction of the Public Improvements in the first quarter 2016.

Town Loan:

Town will loan P3 \$2,700,000 (“Loan”) to fund design and construction of the public improvements, as defined in the attached *Exhibits C* (“Public Improvements”). If the Site described in *Exhibit B* is selected, a revised schedule of Public Improvements will be developed. Any cost of construction of the Public Improvements in excess of the Loan amount will be borne by P3. Any Loan proceeds not expended on the Public Improvements will be disbursed to the Town. The Public Improvements will not be encumbered by any security interest granted by P3 to Lender. Upon completion and acceptance of the Public Improvements, P3 shall convey the Public Improvements to the Town.

The Loan shall have a 10-year amortization, with interest at 2.5% per annum for years 1-5, escalating by 1% each year beginning in year 6. Equal payments of principal and interest in the approximate amount of \$26,093 shall be made monthly on the first of the month. With any refinancing of the P3 or Lender’s capital funding, the balance of the Town’s Loan shall be paid in full immediately without discount or penalty. An uncured default of the Loan will constitute a default under the lease.

Escrow Accounts:

Town will fund the Loan into an escrow account within 30 days of the date all of the following have occurred: (i) all real estate, financing, and development agreements between the Town and P3 are fully executed; (ii) P3 has obtained all governmental approvals and permits necessary for development of the Project; (iii) P3 has obtained all proprietary licenses necessary for development of the Project; and (iv) P3 or Lenders have funded an escrow account in an amount sufficient to construct the Improvements (net of the Loan proceeds) and complete the Project. The Loan escrow will

be placed in an interest bearing escrow account on mutually agreeable terms and be drawn upon only for the construction of the Public Improvements. Disbursements from the Loan escrow will require joint authorization of P3 and the Town based on approved pay requests.

Park Fee: At the option of P3, but not as a requirement, P3 will be permitted to impose and retain a “Park Fee” on any non-taxable goods and services sold or provided on the Project, including ski and tubing ticket sales, in an amount up to 10%.

Resident Discount: Town residents will be given a discount of 10% of the ski and tubing ticket price, or be exempt from paying the Park Fee, so long as the total discount to the resident results in the resident paying 10% less than a non-resident.

Operational Expenses: P3 will be responsible for all utilities, maintenance, insurance and operational expenses for the Project, the Site and parking area constructed as part of the Public Improvements (including, but not limited to: trash removal, snow removal, landscaping, etc.). The Site is currently exempt from property taxes. P3 shall pay any personal or real property taxes, if any, assessed against the Site or Project.

Insurance and Indemnity: P3 will maintain comprehensive general liability insurance on the Project, in amounts reasonably acceptable to Town and its insurances carrier. Town shall be named as an additional insured on such insurance policies. P3 will indemnify and hold Town harmless from any claims arising from the operation and maintenance of the Project.

Operation Plan Review: P3 will present and the Town shall review and may comment on P3’s annual operation plan for the Project (“Operation Plan”). The Operation Plan will address times and days of operation and user fee schedules.

Park Special Events: Town will program certain special events in the Park which may require limiting operation of the Project. The nature and seasonal occurrence of those special events shall be identified in the Operation Plan.

Joint Use of Parking : As a general rule, all parking in the Park, including the parking constructed as part of the Public Improvements, will be available

to any Park user, on a first come, first served basis. However, upon reasonable notice and as mutually agreed, at certain times and events, the Town and/or P3 may designate areas for exclusive parking for special event users only.

**Complimentary
Development:**

P3 and its affiliates are under contract to purchase the property immediately adjacent to the Park. The property is commonly known as Citadel Station and it is connected to the Park via a pedestrian tunnel. P3 will collaborate with the Town to determine if there is an opportunity to mutually benefit from accommodating additional recreational amenities and associated compatible uses on the Citadel property (e.g., ice rink, ballfields, trail connections etc.). P3 and the Town will also explore ways to work together to attract and sponsor special events to the area, and to satisfy the anticipated need for overflow parking.

(SIGNATURE PAGES TO FOLLOW)

ATTEST:

TOWN OF CASTLE ROCK

Sally A. Misare, Town Clerk

Paul Donahue, Mayor

Approved as to form:

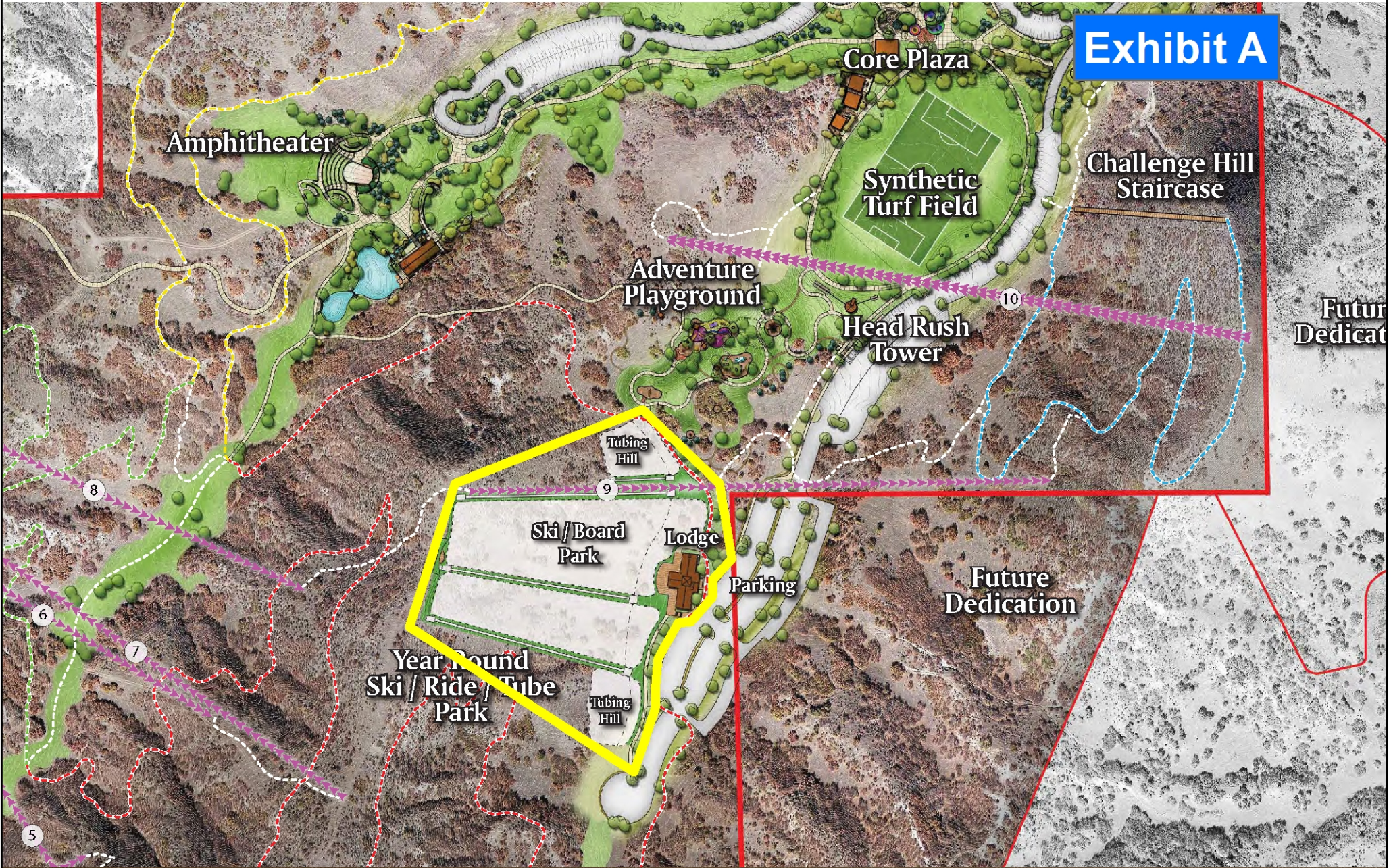
Robert J. Slentz, Town Attorney

P3 ADVISORS, LLC,
a _____ liability company

By: _____

Its: _____

Exhibit A



SnowSports 365 at Castle Rock

CASTLEROCK.SNOWSPORTS365.COM

P3
ADVISORS, LLC



Exhibit B

**Potential
Wolfensberger
Option = 13 acres**

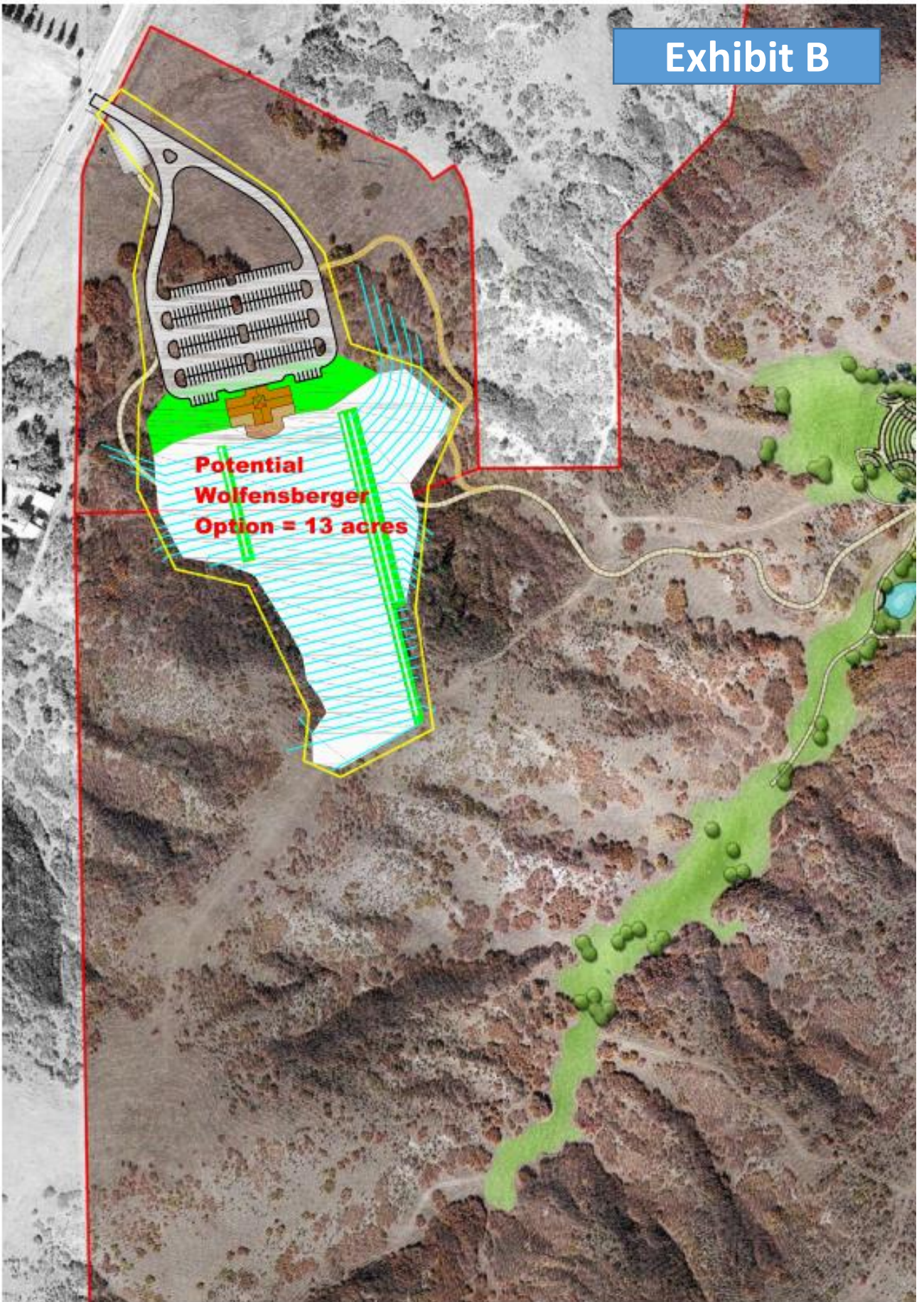


EXHIBIT C: CASTLE ROCK TOWN EQUITY LOAN USES OF PROCEEDS

Description	Cost Category	Estimated Cost
Utilities		
2600 ft from termination pt to site	Electrical - Primary/Secondary	\$230,000
2600 ft from termination pt to site; street lighting = 20 double head ornamental; 300 amp controller w/festoon receptacles & convenience outlets;	Electrical - Street & Parking Lot Lighting	\$380,000
2600 lf - 8" PVC; Valves & FH @ 400' w/vaults; 2" meter; Setting Fee + Renewable Fee included in Permitting Fees above;	Potable Water	\$350,000
2600 lf - 8" pvc sewer, 4' MH's, 6" CO, Tap Fee included in Permitting above	Wastewater	\$170,000
Collection Only - Street; 2600 lf - 18" & 24" RCP w/inlets every 100' w/3' structures, 4' & 5' storm MH's; Impact Fee (\$13K)	Stormwater	\$180,000
Drainage Basin relocation - move eastward	Stormwater Basin	\$130,000
2600 lf 3" Main Poly + Meter Setting	Natural Gas	\$130,000
	Subtotal	\$1,570,000
Roadway		
600 lf of Roadway, travel surface 20' width	Grading & Prep	\$10,200
	Gravel Subbase	\$60,000
	Curb & Gutter	\$110,600
	Asphalt Pavement	\$110,600
Secondary Access - 12' x 600'x 4" (270 sy asphalt & 220 tons of aggregate)	Grading & Prep	\$6,800
	Gravel Subbase	\$8,175
	Asphalt Pavement	\$9,315
	Subtotal	\$315,690
Parking		
	370 (slope) + pub spaces	\$494,500
	Subtotal	\$494,500
Site Work		
	Site Preparation & Erosion Control	\$85,000
	Mass Grading - Parking Lot & Building	\$130,000
Parking Lot Lighting 8 w/double head ornamental lights w/300 amp controller;	Electrical Lighting	\$138,000
	Subtotal	\$353,000
TOTAL		\$2,733,190

