

EXHIBIT B

ANNEXATION AGREEMENT

THIS ANNEXATION AGREEMENT (the "Agreement") is entered into as of this 17th day of January, 2012, by and among QUINNS JUNCTION PARTNERSHIP (Michael Martin, General Partner), the sole owner of certain undeveloped real property in the Snyderville Basin, including all legal claims belonging to Ralph Merrill (the "QJP"), and PARK CITY MUNICIPAL CORPORATION, a political subdivision of the State of Utah, by and through its City Manager (the "Park City").

RECITALS:

A. QJP is the owner of approximately 29 acres of land and appurtenant real property rights, located on the southwest corner of Quinn's Junction, which is at the intersection of U.S. 40 and S/R 248 in the Snyderville Basin, Summit County, Utah (the "Property"). QJP desires to build a mixed use development on the Property consisting of a Motion Picture Studio and Media Campus, ancillary and support commercial and lodging (the "Film Studio").

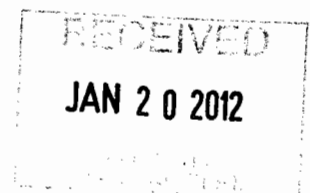
B. QJP has asserted claims and commenced litigation against Summit County ("the County") in two separate lawsuits and other administrative actions that are currently pending in State and Federal Courts. QJP anticipates consolidating the cases and adding the Park City as a defendant to the litigation.

C. As a result of this litigation several disputes have arisen between the Park City, the County and QJP.

D. The parties desire to settle all claims, actions, and litigation between them (the "Litigation").

E. This Agreement is part of that certain *Settlement Agreement For Film And Media Campus* (the "Settlement Agreement") which is expected to be entered into by and between the County and QJP. This Agreement and the Settlement Agreement collectively implement the agreed upon conditions for settlement of the Litigation.

F. This Agreement provides that QJP shall attempt in good faith to annex into Park City. In the event of a rejection of the annexation petition, QJP will be vested with certain development rights within unincorporated Summit County as defined in the County Settlement Agreement.



PARK CITY AND QJP HEREBY AGREE AS FOLLOWS:

ARTICLE I

Property

1.1 Legal Description of Property. The legal description of the Property included with the Film Studio is attached to the County Settlement Agreement as Exhibit A, which is incorporated into this Agreement by this reference. No other property may be added to the legal description of the Film Studio for purposes of this Agreement, except by written amendment. Except as expressly set forth in this Agreement, this Agreement shall not affect any land other than the Property.

1.2 General Description of Film Studio. The Film Studio covered by this Agreement consists of approximately 29 acres of land located generally nearby and on the southwest corner of U.S. 40 and S.R. 248 in Summit County, Utah.

1.3 Vested Development Right. As a compromise of claims and in settlement of the Litigation, Park City hereby recognizes that the Property has a vested development right to the commercial uses, densities, and configuration as part of a Motion Picture Studio and Media Campus as stated in the County Settlement Agreement.

ARTICLE II

Annexation to Park City

2.1 Annexation Declaration Area. Utah law favors that development take place within the boundaries of cities and towns where land is located in a city's annexation declaration area. The Property is within the Park City Annexation Declaration Area.

2.2 Petition. Park City shall expedite its review process to decide whether to annex the Property or not within 90 days of acceptance of the petition. The petition shall include the most recent traffic study and the most recent Environmental report on the QJP property.

2.3 Decision on Petition. Park City shall use all reasonable efforts to either approve or reject the QJP Annexation Petition within ninety (90) days. If reasonable circumstances require additional time (such as QJP failure to provide legally required information, third party protest, or state or local mandated notice provisions), both parties shall continue to cooperate to expedite the review and QJP shall provide at least 14 days written notice after the expiration of 90 days of its intent to withdraw the petition unless the City Council votes to annex. QJP agrees it will not withdraw the petition prior to the City Council rendering a final decision/vote or the expiration of the above time periods, whichever occurs first.

2.4 Zoning. The annexation petition will propose Regional Commercial Overlay- CT (Community Transition) zoning for the Property, which Park City will adopt

concurrently if the annexation is approved to enable the Master Plan discussed in Section 2.5.

2.5 Master Plan. The intent of the parties is to include such Master Plan components in a development agreement to be approved by the City Council concurrently with the annexation of the Property. The City Council shall receive the recommendation of the Planning Commission regarding the annexation, zoning and Master Planned Development (“MPD”). Due to the pre-existing vesting in the County and the terms of the County Settlement Agreement, QJP shall be exempt from any conflicting Park City Land Management Code provisions as expressly stated in the MPD. The following shall form the basis of the final MPD:

- a. Total Development Activity shall be limited to a Gross Commercial Floor Area of 374,000 square feet. Gross Commercial Floor Area shall include all enclosed areas of a building but shall not include roads, parking lots, or parking structures. Unenclosed porches, balconies, patios and decks, vent shafts, courts and one atrium subject to the restrictions below are not calculated in Gross Commercial Floor Area. As part of the MPD Site Plan in subsection (b), QJP may propose an enclosed atrium which primarily serves as a pedestrian connection between two building pads but which may also be used for studio film/set work provided such atrium is not a stand-alone studio/building and may not be converted to habitable space, is in an area screened from SR 248, and is approved as part of the Annexation, such approval not to be unreasonably withheld.
- b. The Site Plan and berming shall materially be the same as Site Plan included as **Attachment A**, unless modified by the City Council and accepted by QJP. Final design approval shall be an administrative conditional use permit reviewed by the Planning Department in compliance with LMC Chapter 5 and the Architectural Standards attached as **Attachment B**. This Annexation Agreement shall govern in the event of any conflict with Attachment B. Green Building design and construction shall meet minimum shadow LEED standards. All signage must comply with generally applicable Park City codes and no icon, water tower, or highway billboard is permitted.
- c. No open space, setbacks or affordable housing requirements may be imposed. QJP shall post City affordable housing information in a work place accessible to all its employees.
- d. Uses, including the amphitheater, shall be of the type as shown on **Attachment C** and/or consistent with the Film Studio and Campus concept and the gross square footage of those uses shall not exceed the limitation of paragraph 2.5 a. above. The hotel shall limited to 100 rooms and keys. The amphitheater stage may not be oriented toward City open space and shall be reviewed for compliance with Attachment B.
- e. Maximum building height 50 feet for sound stages, or a maximum height not to exceed 60 feet in Pad 7 of Attachment A in the event a major, long-term film production contract necessitates the full studio height. Non- Sound Stage Buildings:

- No more than 70% of the remaining buildings on the campus are between 36 - 40 feet in height.
 - Remaining building(s) on the campus are not greater than 28 feet in height (the CT Zone height limit).
 - No building shall be greater than 28 feet in height unless located more than 150 feet from the centerline of a public roadway.
 - Smaller buildings are massed and/or placed strategically to break up the volumes of the Sound Stage Buildings. This "stepping" will mitigate the appearance of the vertical façade of the taller buildings.
- f. Park City acknowledges that the Movie Studio portion of the campus shall have perimeter and entry security controls. Otherwise, internal circulation and trails shall otherwise comply with generally required MPD requirements.
 - g. The City shall request state funding for structured/underground parking and QJP shall support the City's request including the use of lobbyists to coordinate such joint request for the 2012 legislative session. Mitigation of the visual impacts of the parking and its relation to public transit planned for the project are acknowledged to be a material element of this settlement. Both parties must agree in advance on any legislative strategy regarding film studios in Park City or in the County or associated parking as stated above.
 - h. QJP shall pay all normal and legally imposed fees associated with planning review, permits and subsequent Development Activity, and all generally applicable impact fees, levies and taxes, all of which shall be nonrefundable unless otherwise provided by Park City ordinance. Park City acknowledges prior receipt of the annexation fee and no additional annexation fee is required.
 - i. QJP is responsible for coordinating water and utility service, which may include a third party provider, in compliance with applicable standards prior to annexation approval.
 - j. As a result of QJP's rights vesting as a result of County applications prior to the Quinns Junction Area Study (the "QJAS"), Park City hereby finds the terms of this Agreement exempt from the findings of the QJAS.

2.6 Non-compete and Sundance Sponsorship. QJP shall encourage the owner/operator of the Film Studio (currently anticipated to be Raleigh Studios) to consult with and enter into such sponsorship and use agreement with the Sundance Institute regarding the 2012 Sundance Film Festival (and thereafter so long as the studio is operational). Any agreements reached between Raleigh and Sundance shall be confidential but shall be provided to Park City prior to the approval of annexation of the property. QJP shall create covenants and restrictions (CCRs) applicable to the entire Property, including the Film Studio and all commercial owners and tenants, which prohibit commercial uses of any facility within the MPD which directly ambushes the Sundance Film Festival. Nothing herein shall prevent independent negotiations and agreements between the film studio operator and Park City or any Park City Master Festival License (MFL) holder. If such agreements are reached either prior to or subsequent annexation of the property, QJP shall incorporate such provisions into the CCRS so as to apply to all commercial tenants or owners. Direct ambush commercial

uses shall be defined to include but not be limited to event rental or subleasing during the dates of the Sundance Film Festival for the purposes of commercial business activity, marketing or promotional gifting not approved by Sundance which directly and materially competes with existing, official Sundance sponsorship. In the event annexation is not approved, this paragraph 2.6 shall apply to the vested development rights as defined in the County Settlement Agreement.

ARTICLE III

Release

3. Mutual Releases. At the time of, and contingent upon approval or rejection of the completed annexation, and excepting the parties' respective rights and obligations under this Agreement, QJP, on behalf of itself and QJP's partners, officers, directors, employees, agents, attorneys and consultants, hereby releases Park City, council members, officials, employees, agents, attorneys and consultants, and Park City, on behalf of itself and Park City's board members, officials, employees, agents, attorneys and consultants, hereby releases QJP and QJP's partners, officers, directors, employees, agents, attorneys and consultants, from and against any and all claims, demands, liabilities, costs, expenses of whatever nature, whether known or unknown, and whether liquidated or contingent, arising on or before the date of this Annexation Agreement in connection with the Property or the application for annexation, processing or approval of applications relating to annexation of the Property or the Film Studio, to include any past claims for vested development rights, not including those recognized by Summit County, that are not provided for in this Agreement and any claims or potential claims arising out of those lawsuits styled Merrill v. Summit County, Case No. 2:08-cv-723 pending in the U.S. District Court in and for the State of Utah, Central Division, and Merrill v. Summit County, Case No. 050500052 pending in the Third District Court, Summit County, Utah. Nothing herein shall alter or effect the terms and conditions of the Settlement agreement or subsequent agreements if annexation fails as provided herein between QJP and Summit County.

ARTICLE IV

General Terms and Conditions.

4.1 Agreements to Run with the Land. This Annexation Agreement and its accompanying Exhibits shall be recorded against the Property described in Exhibit A to the County Settlement Agreement. The agreements contained herein shall be deemed to run with the land and shall be binding on and shall inure to the benefit of all successors in ownership of the Property. As used herein, QJP shall include the parties signing this Agreement and all successor owners of any part of the Property.

4.2 State and Federal Law. The parties agree, intend and understand that the obligations imposed by this Agreement are only such as are consistent with state and federal law. The parties further agree that if any provision of this Agreement becomes, in its performance, inconsistent with state or federal law or is declared invalid, this Agreement shall be deemed amended to the extent necessary to make it consistent with

state or federal law, as the case may be, and the balance of the Agreement shall remain in full force and effect.

4.3 Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements, whether oral or written, covering the same subject matter. This Agreement may not be modified or amended except in writing mutually agreed to and accepted by both parties to this Agreement.

4.4 Applicable Law. This Agreement is entered into under and pursuant to, and is to be construed and enforceable in accordance with, the laws of the State of Utah.

4.5 Rights of Third Parties. This Agreement is not intended to affect or create any additional rights or obligations on the part of third parties.

4.6 Execution of Agreement. This Agreement may be executed in multiple parts as originals or by facsimile copies of executed originals; provided, however, if executed and evidence of execution is made by facsimile copy, then an original shall be provided to the other party within seven (7) days of receipt of said facsimile copy.

4.7 City Council Approval. This Agreement is subject to the legislative approval of the City Council at an appropriately noticed open and public meeting.

4.8 Notices. Notices pursuant to this Agreement shall be deemed to have been properly given when deposited, postage prepaid, with the U.S. Postal Service, addressed to the parties as follows:

Quinns Junction Partnership
Attn: Greg S. Ericksen
Law Offices of Greg S. Ericksen
1065 South 500 West
Bountiful, UT 84010

With copies to:

Scott M. Lilja
VanCott Bagley Cornwall & McCarthy
36 South State Street, Suite 1900
Salt Lake City, UT 84111

Park City Municipal Corporation
Attention: City Attorney
P. O. Box 1480
Park City, Utah 84060
Tel.: (435) 615-5025
Fax: (435) 615-4901

- 4.9 Legislative Decision. The parties acknowledge that the decision to annex is purely a legislative decision by the City Council and nothing herein shall limit the City Council's discretion or power to make that legislative decision. While certain staff members of Park City have provided preliminary input to Quinn's and interested purchasers of the Property, and staff will continue to do so, such input is merely advisory as the final authority and decision to annex rests solely with the legislative body of Park City. Nothing herein shall limit the Park City's ability to annex the Property so long as an annexation petition is in conformance with U.C.A. § 10-2-403, and all other applicable requirements of Park City ordinances, the Park City General Plan, and Title 10, Chapter 2, Part 4 of the Utah Code.
- 4.10 This Agreement is contingent on QJP and Summit County entering into the *Settlement Agreement for Film and Media Campus* referred to in Recital E. above. In the event that *Settlement Agreement* is not entered into within 10 days from the date of this Agreement, this Agreement is null and void.
- 4.11 In the event Park City does not annex the property into the City jurisdiction in good faith as provided in this agreement, the parties hereby agree that QJP may apply to Summit County for development without protest ("protest" does not include public comment on final site planning and aesthetic design) from Park City provided that the application is consistent with the County Settlement Agreement. Nothing herein shall prevent Park City from public hearing participation or submitting comments on Settlement Agreement amendments or any subsequent development plan amendments.

DATED this 17th day of January, 2012.

QUINN'S JUNCTION PARTNERSHIP

By:  General Partner
Q.J.P.

PARK CITY MUNICIPAL CORPORATION

By: TL Dwy
Thomas Bakaly, City Manager

Attest:

Sharon C Bauman
City Recorder's Office

Approved as to Form:

Am D. H. J.
City Attorney's Office



LEGAL DESCRIPTION
EXHIBIT A

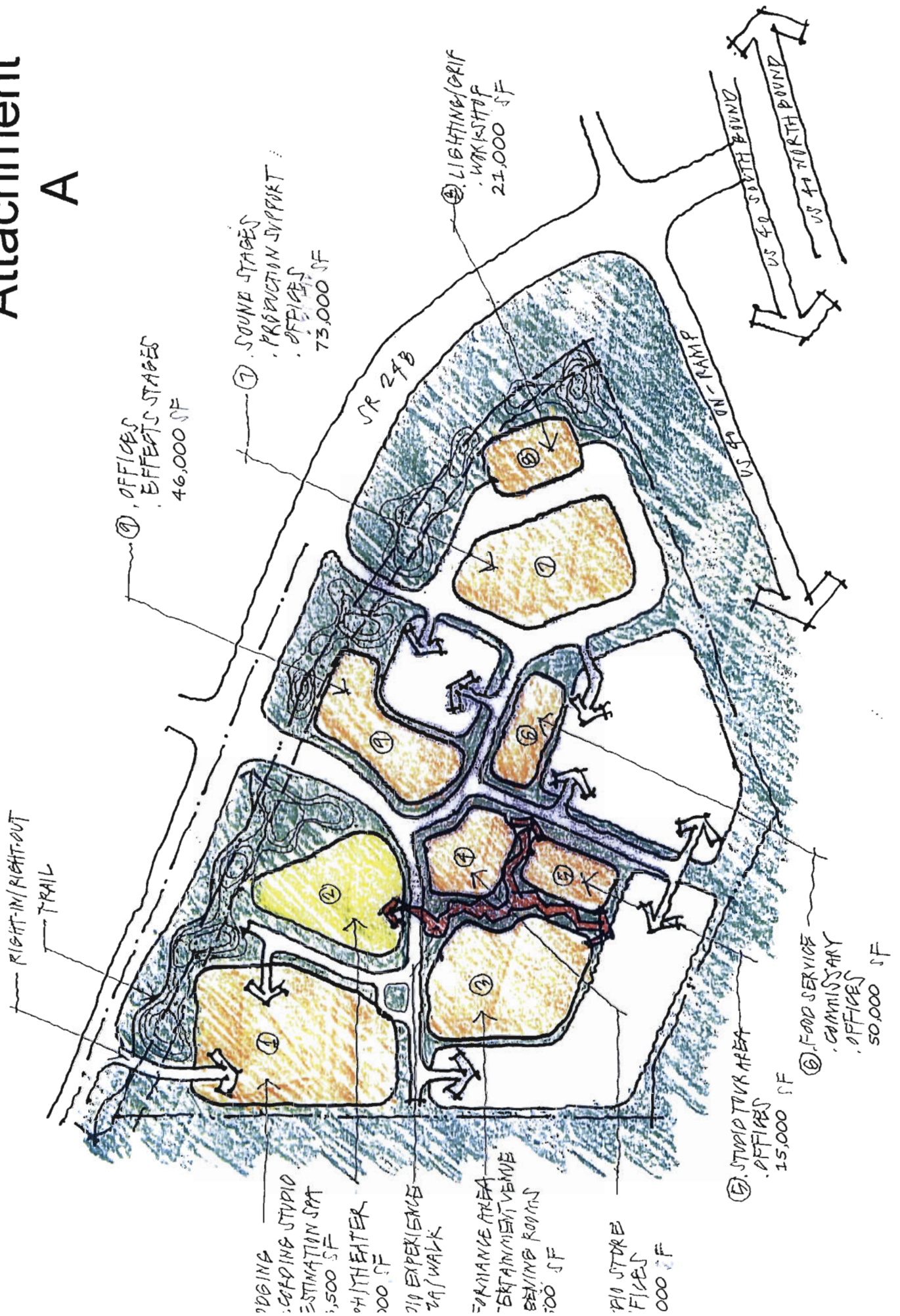
Order No. 161891

The land referred to in this exhibit is situated in the county of Summit State of Utah, and is described as follows:

Beginning on the Easterly line of State Highway 248 at a point which is South 89°53' East along the Section line 1557.19 feet and South 00°00'00" East 1834.09 feet from an aluminum pipe monument at the Northwest corner of Section 2, Township 2 South, Range 4 East, Salt Lake Base and Meridian (from which Section corner the Glo Stone Monument at the Northeast corner of said Section 2 bears South 89°53'00" East 5320.725 feet), thence along the Easterly right of way line of said Highway North 22°00'40" East 1005.180 feet to a UDOT brass cap monument, thence along said right of way line North 34°07'00" East 544.699 feet to a UDOT brass cap monument, thence along said right of way line 338.834 feet along the arc of a 638.500 foot radius curve to the right (chord bears North 49°20'26" East 334.872 feet) to a UDOT brass cap monument, thence North 64°25'25" East 14.394 feet to a UDOT brass cap monument, thence along the Westerly right of way line of the new U.S. Highway 40 South 25°33'14" East 223.713 feet to a UDOT brass cap monument, thence along said Westerly right of way line 535.196 feet along the arc of a 2664.790 foot radius curve to the right (chord bears South 19°45'25" East 534.297 feet) to a UDOT brass cap monument, thence along said right of way line South 23°49'09" East 243.421 feet to a UDOT brass cap monument, thence along said right of way line South 7°02'43" East 58.383 feet to a rebar with aluminum cap at a point that is South 89°53' East along the Section line 800.00 feet and South 25°20'00" West 1336.802 feet from the PK nail marking the location of the North Quarter corner of said Section 2, thence South 25°20'00" West 568.966 feet to a rebar with aluminum cap on the North-South Quarter Section line of said Section 2, thence along said Quarter Section line South 0°30'48" West 109.935 feet to a rebar with aluminum cap at a point that is South 0°30'48" West 1834.13 feet from said North Quarter corner of Section 2, thence North 89°53'00" West 1087.396 feet to a rebar with aluminum cap at the point of beginning.

Tax ID No: SS-91-A

Attachment A



Architectural Design Guidelines

The purpose of the architectural design guidelines is to provide direction for development of the vertical elements of the Film Studio Campus in order to achieve a built environment that is in harmony with the natural setting, existing structures where appropriate, and provides a comfortable, distinctive, and stimulating environment. The buildings currently located west of the US 40 and SR 248 Interchange and also located in the Park City Municipal limits were developed as a gathering of buildings to support sport, recreation and health.

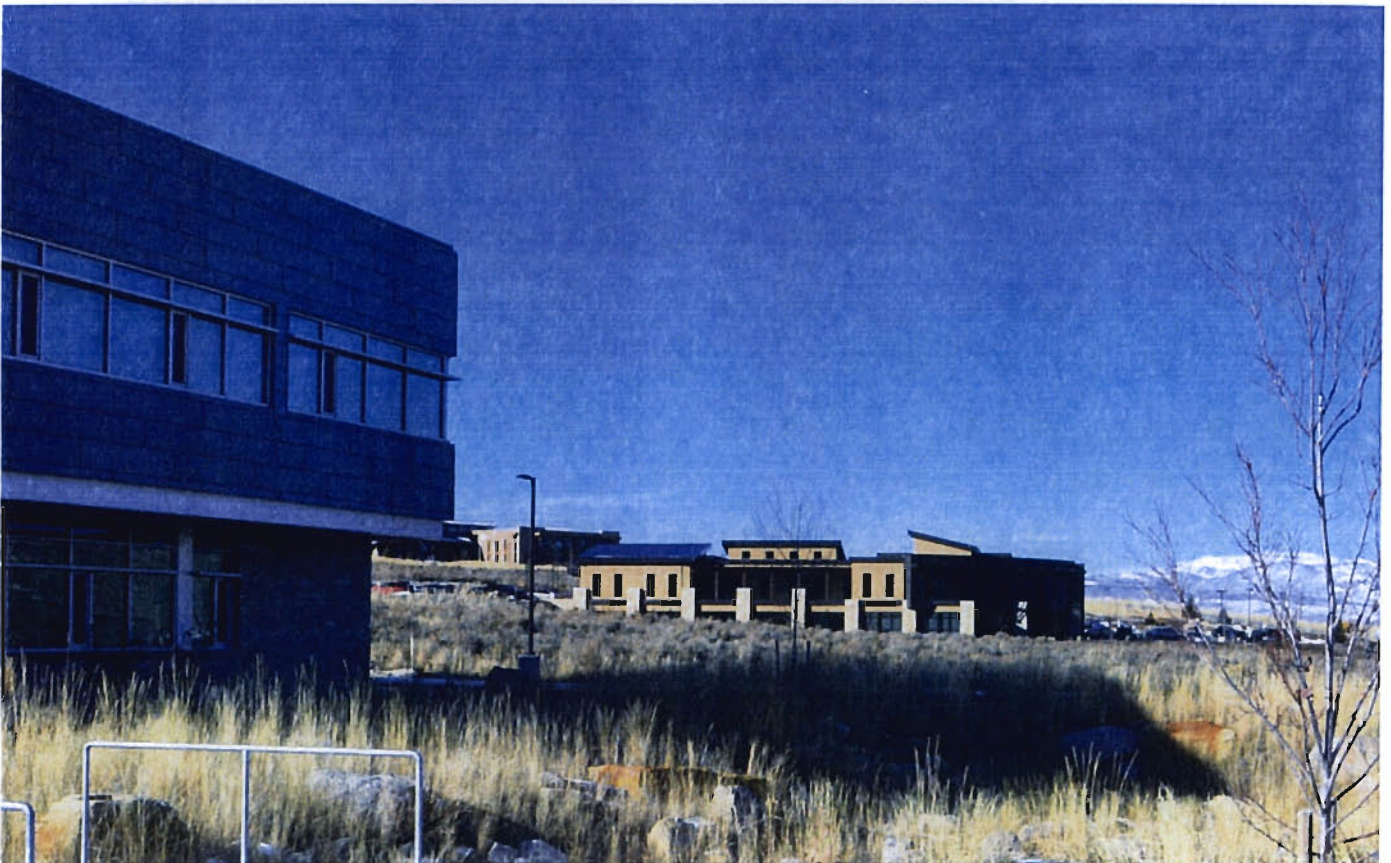
In the design process, the existing buildings were reviewed by the Park City Planning Staff and Planning Commission. As such, the building designs capture the essence of the mountain setting while at the same time honoring the architecture of the era. Varying examples of this style can be found in the IHC Hospital, Summit County Public Health Center and Park City Ice Arena.

The goal of these design guidelines is to synthesize the proposed Film Studio Campus design into an architectural expression that connects to the surrounding structures and respects the importance of the Park City entry corridor.



General Guidelines

- Each new building should have a distinct architectural concept that is consistent in theme but rich in subtle variation.
- Buildings should be designed to provide a clear, unified, and easily identifiable image. Methods to achieve this include using similar architectural styles and materials, complementary roof forms, signs, colors, and pavement.
- All buildings should relate visually to one another and be compatible with adjacent buildings.
- Encouraged architectural and landscape design qualities and elements for the Film Studio Campus buildings are:
 - Using buildings to screen parking areas, service areas and storage areas;
 - Providing building modulation, entry accentuation and rich architectural details;
 - Incorporation of water conservation site design;
 - Use of shielded exterior lighting, protecting the night sky and creating path illumination; and
 - Natural landscaping to soften building exteriors and buffer between uses.
 - Green Building design and construction to meet minimum LEED Silver Standards.



View of three compatible buildings showing natural landscaping as a buffer between uses.

Height and Mass

- The height and mass of the Film Studio Campus buildings should consider the visual and physical relationship to adjacent uses. A structure that dominates its environment by its relative size is strongly discouraged.
- The mass of a larger building should be broken down into a group of buildings clustered into traditional building compounds or a campus setting to create a sense of community.
- Building design should employ clean, simple, geometric forms and coordinated massing to produce overall unity, scale, and interest.
- Varying building heights, massing, roof forms and setbacks to define different functions such as offices, residential, hotel, studio and other uses is encouraged.
- Buildings should relate to the terrain and each other in their massing and forms. Larger masses should be located at the centers of building compositions, with smaller forms stepping outwards and down.



IHC Hospital showing variation in building mass and roof form.

Building Design

- Variety in building forms should be employed to create visual character and interest.
- Facades with a high level of visual interest from both vehicular and pedestrian viewpoints are encouraged. The exterior character of all buildings should enhance pedestrian activity in their immediate vicinities.
- Long building facades should be broken up with architectural details. Facades with varied setbacks are encouraged to provide visual interest.
- Rear and side wall elevations should provide building offsets and architectural details similar to the front facade.
- Entrances to individual buildings should be readily identifiable to visitors through the use of recesses or pop-outs, roof elements, columns, or other architectural elements.



Park City Ice Arena showing a variety of form and identifiable entry.

Roofs

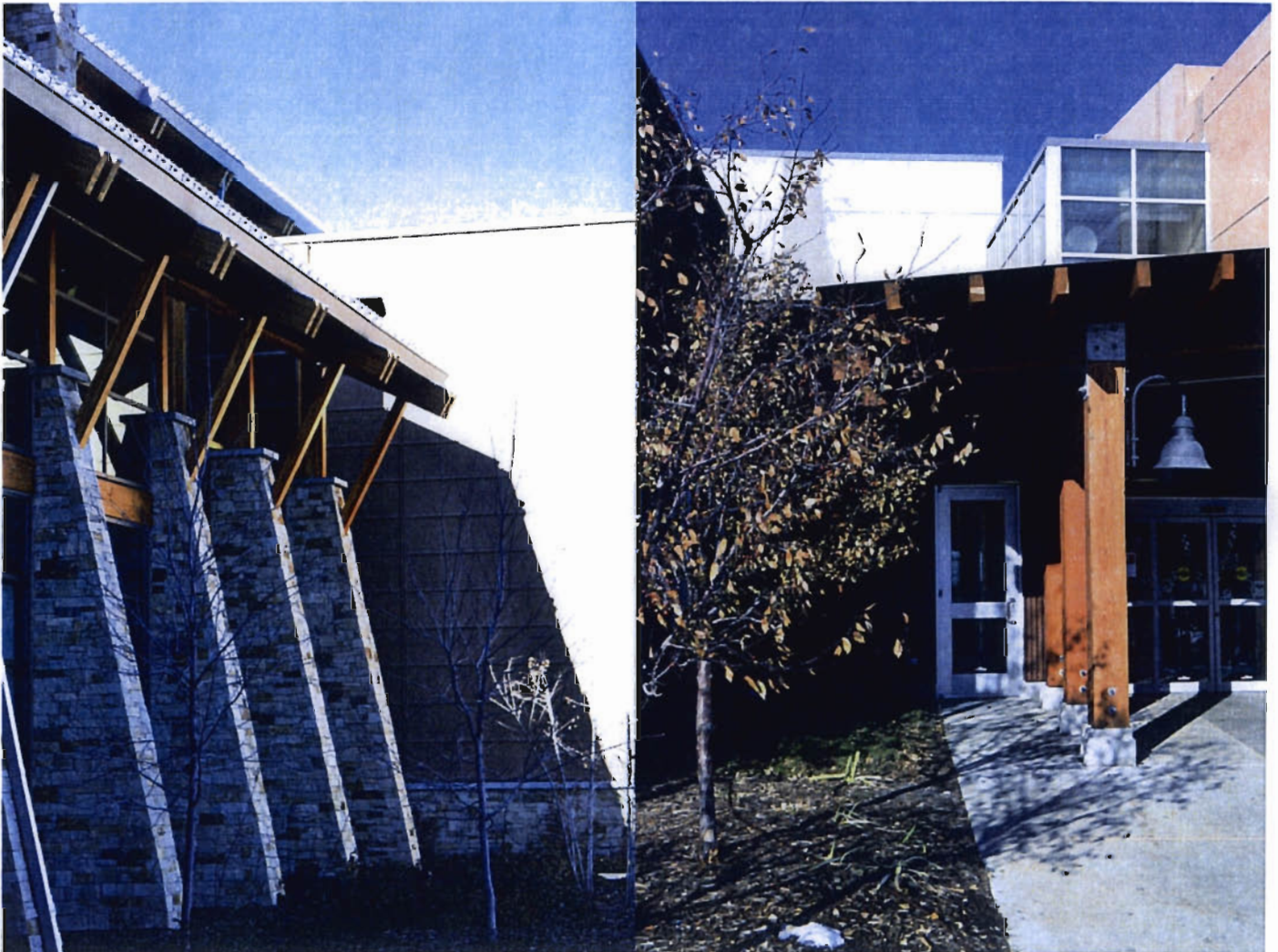
- Roofs should be integral to the architectural theme of the Film Studio Campus buildings and contribute to the visual continuity. Rooflines of buildings should include variations to avoid long, continuous planes.
- Rooftops should be considered as design elements from various viewpoints: at ground level, from other buildings, and from adjacent perimeter roadways. Mixing roof forms on buildings creates variety in the “roofscape.” Roofs should also be interesting when seen from above from upper levels of the mountain terrain.
- Rooftop equipment should be screened from view on all four sides by architectural features integrated with the design of the building.
- Roof design shall allow solar panels to be integrated into the roof design. Building orientation and shading design should minimize solar gain and maximize daylight harvesting.



Summit County Public Health Center showing a roof as a design element.

Materials and Color

- Materials should be chosen to withstand abuse or accidental damage by machinery. False facades and other simulated materials and ornamentation are not allowed.
- Clear or lightly tinted low-e glass (glazing) should be used, particularly at pedestrian levels where transparency between indoor and outdoor spaces is desirable.
- The use of various siding materials (i.e. masonry, concrete, metal, or wood siding to produce effects of texture and relief that provide architectural interest) is required.
- The use of compatible colors in a single facade or composition is required. Compatible colors add interest and variety while reducing building scale and breaking up plain walls.
- A color palette should be used on the Film Studio Campus buildings to help reduce their perceived size. Contrasting design elements and material colors that help break up the vertical monotony of large walls is necessary.



Example of Material Palette.

Attachment C

FILM AND TELEVISION/RECORDING STUDIO -PARK CITY

	Squae Footage	Bldg Number	Bldg Total SF
STUDIO LODGING	85,000	1	
RECORDING STUDIO	2,500	1	
DESTINATION SPA	6,000	1	93,500
AMPITHEATER	6,000	2	6,000
SPECIAL EVENT STAGE	15,000	3	
SCREENING ROOMS	14,000	3	
ENTERTAINMENT VENUE	3,000	3	
PERFORMANCE AREAS/ OTHER VILLAGE VENUES	17,500	3	49,500
STUDIO STORE/ OTHER VILLAGE VENUES/OFFICES	20,000	4	20,000
STUDIO TOUR AREAS	6,000	5	
OFFICES/ OTHHER VILLAGE VENUES	9,000	5	15,000
FOOD SERVICES COMMISSARY/ OFFICES ANCHOR TENANT	50,000	6	50,000
SOUNDSTAGES	48,000	7	
PRODUCTION SUPPORT/OFFICES	25,000	7	73,000
LIGHTING & GRIP	10,500	8	
WORKSHOP/EQUIPMENT STORAGE	10,500	8	21,000
EFFECTS STAGE/ OFFICES	46,000	9	46,000
		TOTAL SF	374,000