

Pioneer Craft House Inc. Litigation Summary

June 28, 2013—Pioneer Craft House Inc. (“PCH”) serves the City of South Salt Lake (the “City”) with a “Notice of Claim,” alleging that the City violated PCH’s civil rights and due process based on an alleged “lockout” on April 4, 2012. The Notice of Claim is a condition precedent to bringing suit against a municipality under the Governmental Immunity Act.

- According to the City, locks were changed on April 3, 2012, but PCH was given a set of the new keys. PCH continued to remain in possession of the premises with no interruption

June 30, 2013—One year Rental Agreement expires

July 10, 2013—Virginia Lee, on behalf of PCH, appears before the City Council to address the history of PCH and to “reaffirm their desire to have a relationship in the City to provide arts and cultural services for the community.” She stated that PCH “looks forward to amicably resolving differences that have risen between them and the City.”

July 23, 2013—The City issues a Notice to Quit Possession based on the fact that the City and PCH could not agree upon a new lease after the expiration of the one year Rental Agreement

July 29, 2013—PCH files lawsuit in federal court against the City and Lyn Creswell for alleged civil rights violations (the “First Lawsuit”)

July 29, 2013—The City files eviction proceedings in state court seeking a ruling that the original Lease (with rent of \$1.00 per year) is void (“Second Lawsuit”)

August 7, 2013—PCH transfers the Second Lawsuit to federal court and PCH then files a counterclaim in the Second Lawsuit alleging the same civil rights claims as alleged in the First Lawsuit

September 2013—The City files motions to dismiss PCH’s complaint in the First Lawsuit and PCH’s counterclaim in the Second Lawsuit

October 2013—Rather than response to the City’s motions, PCH moves to amend its complaint in the First Lawsuit and its counterclaim in the Second Lawsuit

November 5, 2013—PCH files a Second Amended Complaint in the First Lawsuit and Second Amended Counterclaim in the Second Lawsuit

November 18, 2013—The City files motions to dismiss PCH’s Second Amended Counterclaim and Second Amended Complaint

December 9, 2013—PCH attempts to file Third Amended Counterclaim and Third Amended Complaint

December 17, 2013—Court in both the First Lawsuit and the Second Lawsuit orders PCH to respond to the new motions to dismiss

March 17, 2014—Counsel for the City raises the possibility of mediating the dispute with counsel for PCH

- PCH’s counsel refused to mediate, stating that PCH would not entertain mediation until the Judge ruled on the motions to dismiss

April 2014—The City is informed by a PCH teacher at the Scott School previously pled guilty to sexual exploitation of a minor, a second degree felony

June 3, 2014—Counsel for the City wrote to PCH informing PCH that the teacher should be removed from the school

June 6, 2014—PCH responds to the letter and states that it will not take any action regarding the sexual offender until the court first determines that the City’s demand to remove the offender is not improper and not outside of the City’s authority to make

June 9, 2015—The City’s counsel writes to PCH to respond to concerns raised by PCH to City employee Sharen Hauri regarding City’s 8 week program for at-risk youth to be held at the Scott School Cottage

June 15, 2015—PCH responds to the City’s correspondence, making the following claims:

- “Decisions on early-in-the-case motions [the motions to dismiss] had been deferred to avoid embarrassing the sitting South Salt Lake City Attorney”
- “the City would avoid embarrassment and could move forward with efforts to design a campus that serves the purpose of the Interlocal Agreement. It is the City’s choice.”

Note: The decision on the motions to dismiss was not deferred; rather, the City’s counsel made numerous attempts to have the courts rule on the motions. Unfortunately, the court delayed its ruling until March 2016

March 2016—Federal court rules in favor of the City in the First Lawsuit, finding that the Lease is void because it is contrary to Utah Law

- The Court dismissed PCH’s civil rights claims

March 22, 2016—Federal court sends the Second Lawsuit (the eviction proceeding) back to state court based on its ruling that PCH’s civil rights counterclaims must be dismissed

March 28, 2016—PCH appeals the federal court’s dismissal of its civil rights claims to the Tenth Circuit Court of Appeals

April 11, 2016—PCH files Motion to Stay the order of the federal court

April 15, 2016—Judge denies motion for stay

April 2016—PCH files motion for stay with the Tenth Circuit Court of Appeals

May 2, 2016—Tenth Circuit Court of Appeals denies the motion for stay

May 2016—PCH files motion to reconsider denial of motion for stay

May 2016—The Tenth Circuit Court of Appeals requires the parties to participate in mediation. The City proposes an offer but the offer is ultimately rejected by PCH in July 2016

May 16, 2016—Tenth Circuit Court of Appeals denies PCH's motion to reconsider denial of stay

July 26, 2016—Rather than reply to the City's open offer in mediation, PCH files a motion to dismiss the Second Lawsuit (the City's eviction proceeding) in State Court

August 9, 2016—The City files a motion for judgment on the pleadings in the Second Lawsuit

September 12, 2016—The State Court rules in favor of the City

September 27, 2016—PCH objects to entry of the Court's order, claiming that the City should have faxed the order to Virginia Lee rather than email it

October 2, 2016—PCH objects to the form of the order and attempts to revise the order so that PCH would be the prevailing party (despite the judge's oral ruling that ruled in favor of the City)

November 10, 2016—The City's counsel sends form of a draft lease to PCH (Virginia Lee), stating "I will recommend to the City that this revised lease be the last and final offer of the City to resolve the dispute with PCH."

- Email stated that the City has not approved the form or terms of the lease and execution of the lease would be contingent upon completion of a 10-8-2 study, approval of the lease by Council and Mayor, and execution of a settlement agreement

November 14, 2016—PCH requests extension to response to lease

November 14, 2016—PCH appeals the State court's order

November 14, 2016—PCH files motion to stay the ruling in State Court pending the appeal

November 17, 2016—The City's counsel emails Ms. Lee, granting an extension until December 8, 2016

December 5, 2016—Jeff Hatch, on behalf of PCH, states PCH accepts the draft lease with one minor revision (which the City's counsel previously agreed to make)

December 8, 2016—The City's counsel emails Ms. Lee stating that the City will go forward with 10-8-2 study

December 8, 2016—Ms. Lee emails Dough Ahlstrom with additional revisions to the lease not mentioned by Jeff Hatch.

- Ms. Lee's email also states that PCH's acceptance of the lease was conditional, based on the ultimate success or failure of PCH's motion to stay filed in state court

December 9, 2016—the City receives an email from Jeff Hatch stating that Ms. Lee resigned her position on the Board and is no longer representing PCH

- Mr. Hatch stated that the email sent by Ms. Lee was “only confusing our relationship with South Salt Lake” and that “know that the Pioneer Craft House Board approved only the month-to-month agreement based on Kathryn’s most recent draft...”

January 4, 2017—The State Court grants limited stay, conditioned on PCH paying into the court’s trust account \$1,250 per month.

- Stay only in place until Tenth Circuit issues its ruling in the Appeal of the First Lawsuit

January 2017—Ms. Lee withdraws as counsel for PCH

January 13, 2017--Tenth Circuit Court of Appeals upholds trial court’s dismissal of PCH’s claims in the First Lawsuit.

February 13, 2017—Utah Court of Appeals orders PCH to retain counsel to continue appeal in Second Lawsuit

March 2, 2017—The City’s counsel receives call from Russell Fericks (attorney at Richards Brandt Miller & Nelson)

- Said he was aware of a draft lease and that he wanted to take a look at it to help advise PCH on the terms
- When asked if he was counsel for PCH for purposes of lease negotiations, he said yes
- When informed that PCH had already agreed to a form lease, he said he was unaware of that fact and asked that he be emailed a copy of the email in which PCH agreed to accept the form lease
- He also asked for a copy of the form lease

March 24, 2017—Utah Court of Appeals dismisses appeal due to PCH’s failure to retain counsel

January 2018—Mr. Hatch emails the City’s counsel requesting that the City stipulate to the refund of PCH’s deposit made to the court in the amount of \$1,250, as required by the terms of the order granting stay

- The City’s counsel informed Mr. Hatch that the deposit should be paid to the City as compensation for lost rent, as contemplated by the stay
- Mr. Hatch did not respond

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