

INTERLOCAL COOPERATION AGREEMENT

between

SALT LAKE COUNTY

and

REDEVELOPMENT AGENCY OF SALT LAKE CITY

THIS INTERLOCAL COOPERATION AGREEMENT (this "Agreement") is dated as of the date it is recorded by the Salt Lake City Recorder's Office ("Effective Date"), by and between **SALT LAKE COUNTY**, a body corporate and politic of the State of Utah (the "County"), and the **REDEVELOPMENT AGENCY OF SALT LAKE CITY**, a Utah community development and renewal agency (the "Agency"). The County and the Agency are sometimes referred to collectively as the "Parties" and either may be referred to individually as a "Party," all as governed by the context in which such words are used.

WITNESSETH:

WHEREAS, the County and the Agency are "public agencies" as defined by the Utah Interlocal Cooperation Act, Utah Code Ann. §§ 11-13-101 *et seq.* (the "Interlocal Act"), and, as such, are authorized by the Interlocal Act to enter into this Agreement to act jointly and cooperatively in a manner that will enable them to make the most efficient use of their resources and powers; and

WHEREAS, Section 11-13-215 of the Interlocal Act authorizes a county, city, town, or other local political subdivision to share its tax and other revenues with other counties, cities, towns, local political subdivisions, or the state; and

WHEREAS, during the 2018 General Session, the State Legislature amended Section 72-2-121 of the Utah Transportation Code, Utah Code Ann. §§ 72-1-101 *et seq.*, to add to the distribution of revenue options in the County of the First Class Highway Projects Fund a distribution for parking facilities in a county of the first class; and

WHEREAS, the County desires to use this revenue to facilitate significant economic development and recreation and tourism development within Salt Lake County by financing all or a portion of the costs of an underground parking facility project in accordance with Section 72-2-121 of the Utah Transportation Code and all other applicable federal, state and local laws, rules and regulations; and

WHEREAS, the County and the Agency desire to enter into this Agreement providing for the transfer of a lump sum payment of Fifteen Million Dollars (\$15,000,000) ("Transportation Funds") to the Agency, under certain conditions precedent, to be used to facilitate construction of an underground parking structure (the "Parking Structure") located in Salt Lake City, between 200 West and 300 West and 100 South and 200 South, on the downtown block referred to as Block 67, upon which the Agency has created a project area known as the Block 67 North Project Area.

AGREEMENT :

NOW, THEREFORE, for good and valuable consideration, the Parties agree as follows:

1. Transportation Funds – Use. In the event County transfers the Transportation Funds to Agency pursuant to this Agreement, Agency shall use the Transportation Funds solely to facilitate the construction of the Parking Structure and shall, after completion of the conditions precedent (defined below) and within thirty (30) days after receipt of the Transportation Funds, convey such Transportation Funds to the developer of the Parking Structure (“Developer”).

2. Acknowledgments. County and Agency acknowledge that the Agency is accepting the Transportation Funds for the sole purpose of acting as a pass-through of the Transportation Funds to the Developer in a lump sum payment, and the Agency has created an overlay project area on Block 67 (which is already in the Central Business District Project Area) in order to accomplish this pass-through. The Agency’s agreement to create an overlay project area and act as an intermediary between the County and Developer in this case is a unique, one-off decision for the Agency and the Parties acknowledge that for future transactions between the Agency and County, the County will involve the Agency early in discussions and the Parties will be equal partners in negotiating with a third party for development of property within Salt Lake City’s boundaries.

3. Conditions Precedent to Transfer of Transportation Funds. County shall transfer the Transportation Funds to Agency within ten (10) business days after the Parties complete the following (the “Conditions Precedent”). County agrees and acknowledges that any reference in the foregoing Conditions Precedent to Agency Board approval shall mean “approval in its sole and exclusive discretion”. County further agrees and acknowledges that execution of this Agreement in no way commits or obligates the Agency Board to take any further action or grant any approvals regarding the following Conditions Precedent, provided, however, that County will not be required to transfer the Transportation Funds to Agency unless and until the Project Area has been created and the Reimbursement Agreement has been approved and executed.

(a) Tax Increment Reimbursement Agreement. Agency staff shall use commercially reasonable efforts to negotiate the terms of a tax increment reimbursement agreement with the Developer (“Reimbursement Agreement”), which must be reviewed and approved by the Agency Board under Utah Code 17C-1-102. The Reimbursement Agreement shall contain the following terms:

(i) The Agency shall transfer the Transportation Funds to the Developer for the sole purpose of building the Parking Structure and completing a project on Block 67 in downtown Salt Lake City as depicted and described on Exhibit A to this Agreement and the Reimbursement Agreement.

(ii) Tax Increment collected from the Block 67 North Project Area by the Agency that is attributable to Developer’s project, including the Parking Structure, shall be used by the Agency to repay the County the Transportation Funds, which Agency shall pay to the County once a year, within 30 days of

receiving the final annual tax increment payment from the County, without additional interest and with a cap at Fifteen Million Dollars. Notwithstanding the foregoing, the Agency may, in its discretion, withhold up to Two Hundred Fifty Thousand Dollars of Tax Increment from payment to the County to provide or construct improvements to the adjacent Japantown neighborhood, as specified in the Reimbursement Agreement, to ensure that Developer constructs a project that is acceptable to the Agency and the neighboring property owners. In the event that there is not sufficient Tax Increment to repay the entire amount of the Transportation Funds to the County, Agency shall have no liability for the shortfall and will not be responsible for covering the gap in funds from any Agency or City source of revenue.

(b) County Revolving Loan Program. County shall provide written verification, to the Agency's reasonable satisfaction, that the Tax Increment the Agency repays the County for the Transportation Funds will be used by the County solely for a new revolving loan program. Such written verification shall include, at a minimum, (i) prior to transferring the Transportation Funds to Agency, a written description of the County's proposed loan program; (ii) prior to Agency making its first payment of Tax Increment to the County, the specific terms for the reuse of the Tax Increment for other regionally significant transportation projects, including parking structures. The terms of the loan program shall include the commitment from the County that Salt Lake City and/or the Agency will have the right to request future funds from this program in its pro-rata share of the City's portion of the Tax Increment that the Agency repaid for the Transportation Funds, to be used for projects within Salt Lake City.

4. Tax Increment. Pursuant to Utah Code § 17C-5-204, the County hereby agrees and consents that the Agency shall be entitled to retain seventy-five percent (75%) of the County's portion of the tax increment, as defined by Utah Code 17C-1-102(60) ("Tax Increment") generated from development activities in the Block 67 North Project Area for twenty (20) years, starting with the first year the Agency requests payment of Tax Increment. Agency agrees to request payment no later than November 1, 2022. The calculation of annual Tax Increment shall be made using the 2018 base year taxable value of \$11,531,400, which taxable value is subject to adjustment as required by law. The Parties agree that 10% of the Tax Increment the Agency receives will be retained by the Agency for projects that the Agency determines, in its sole discretion, benefit the Japantown neighborhood in and adjacent to the Block 67 North Project Area. The Agency will also retain 5% of the Tax Increment the Agency receives for the Agency's administrative costs, and 10% of the Tax Increment the Agency receives for affordable housing in compliance with Utah Code 17C.

(a) Notwithstanding the foregoing, Agency and County agree that the Agency's obligation to repay the County the Transportation Funds on an annual basis will be limited by the following:

(i) Phase I. Between the Effective Date of this Agreement and 2026, the Agency's obligation to repay the County the Transportation Funds (without interest) shall be limited to \$3,000,000, which represents Agency's calculation of

the public benefit that Phase I provides to the Project Area and downtown Salt Lake City ("Phase I Repayment"). Agency shall begin paying the County the Phase I Repayment upon Agency's approval (in Agency's sole discretion) of Developer's construction documents, and confirmation, to Agency's sole satisfaction, that Developer has obtained all permits from the City and all required financing to construct Phase I. Developer shall be obligated to complete Phase I of its project in the Block 67 North Project Area (as more particularly depicted and described in Exhibit A) in order to trigger the Agency's obligation to repay to the County more than the Phase I Repayment. In the event that Agency collects and pays to the County the entire Phase I Repayment prior to 2026, the Agency shall continue to collect Tax Increment from the Project but will not be required to pay such additional Tax Increment to the County to repay the Transportation Funds until the conditions precedent in Section 4(a)(ii) have been met. County agrees that it is a fundamental condition of this Agreement that Developer construct Phase II and Agency shall have no obligation to pay more than the Phase I Repayment if Developer does not complete Phase II.

(ii) Phase II. On or prior to December 31, 2026, Developer shall provide evidence to the Agency of its commitment to construct Phase II of its project (as more particularly described and depicted in Exhibit A). Specifically, such evidence shall include, but is not limited to, Agency's review and approval of Developer's construction documents and issuance of a building permit from Salt Lake City Corporation to the Developer for Phase II, and all required financing to construct Phase II. Upon Agency's satisfaction that Developer will begin construction of Phase II on or before December 31, 2026, Agency shall, during the term of this Agreement and so long as Phase II is being constructed or is complete, continue to pay to the County the remainder of the Transportation Funds (without interest) from the Tax Increment the Agency receives from the Block 67 North Project Area ("Phase II Repayment"). If Developer ceases construction of Phase II or does not complete Phase II by 2029, Agency's obligation to continue making the Phase II Repayment shall cease, this Agreement shall terminate and Agency shall take reasonable steps to terminate the Project Area. Notwithstanding the foregoing, if Developer commences construction of Phase II but will not, for reasons outside of Developer's control, complete Phase II by December 31, 2029, Agency may, in its sole discretion, extend the deadline in writing to complete Phase II and this Agreement will not terminate. If the Tax Increment the Agency receives from the Block 67 North Project Area is not sufficient to repay the entire amount of the Transportation Funds to the County, Agency shall have no liability for the shortfall and will not be responsible for covering the gap in funds from any Agency or City source of revenue. County covenants and agrees that it will not seek repayment of the Transportation Funds from Agency from any other source other than the Tax Increment the Agency receives from the Block 67 North Project Area.

5. Liability. Both Parties are governmental entities under the Governmental Immunity Act of Utah, Utah Code Ann. §§ 63G-7-101 et seq. (the "Immunity Act"). Neither Party waives any defenses or limits of liability available under the Immunity Act and other applicable law. Both

Parties maintain all privileges, immunities, and other rights granted by the Immunity Act and all other applicable law.

6. Interlocal Cooperation Act Requirements. In satisfaction of the requirements of the Interlocal Act, and in connection with this Agreement, the Parties agree as follows:

(a) This Agreement shall be approved by each Party pursuant to Section 11-13-202.5 of the Interlocal Act;

(b) This Agreement shall be reviewed as to proper form and compliance with applicable law by a duly authorized attorney on behalf of each Party, pursuant to Section 11-13-202.5 of the Interlocal Act;

(c) A duly executed original counterpart of this Agreement shall be filed with keeper of records of each Party, pursuant to Section 11-13-209 of the Interlocal Act;

(d) Except as otherwise specifically provided herein, each Party shall be responsible for its own costs of any action taken pursuant to this Agreement, and for any financing of such costs; and

(e) No separate legal entity is created by the terms of this Agreement. Pursuant to Section 11-13-207 of the Interlocal Act, to the extent that this Agreement requires administration other than as set forth herein, the Mayor of the County and the Executive Director of the Agency are hereby designated as the joint administrative board for all purposes of the Interlocal Act.

7. Term of Agreement. This Agreement shall take effect immediately upon the completion of the following: (a) the approval of the Agreement by the governing bodies of the County and the Agency, including the adoption of any necessary resolutions or ordinances by the County and the Agency authorizing the execution of this Agreement by the appropriate person or persons for the County and the Agency, respectively, (b) the execution of this Agreement by a duly authorized official of each of the Parties, (c) the submission of this Agreement to an attorney for each Party that is authorized to represent said Party for review as to proper form and compliance with applicable law, pursuant to Section 11-13-202.5 of the Interlocal Act, and the approval of each respective attorney, and (d) the filing of a copy of this Agreement with the keeper of records of each Party.

8. Non-Funding Clause.

(a) The County has requested or intends to request an appropriation of the Transportation Funds to be paid to the Agency for the purposes set forth in this Agreement. If the Transportation Funds are not appropriated and made available beyond December 31 of the county fiscal year in which this Agreement becomes effective, the County's obligation to contribute the Transportation Funds to the Agency under this Agreement beyond that date will be null and void. This Agreement places no obligation on the County to contribute the Transportation Funds to the Agency in succeeding fiscal years. The

County's obligation to contribute the Transportation Funds to the Agency under this Agreement will terminate and become null and void on the last day of the county fiscal year for which funds were budgeted and appropriated, except as to those portions of payments agreed upon for which funds are budgeted and appropriated. The Parties agree that such termination of the County's obligation under this Paragraph will not be construed as a breach of this Agreement or as an event of default under this Agreement, and that such termination of the County's obligation under this Paragraph will be without penalty and that no right of action for damages or other relief will accrue to the benefit of the Agency, its successors, or its assigns as to this Agreement, or any portion thereof, which may terminate and become null and void.

(b) If the Transportation Funds are not appropriated and made available to fund performance by the County under this Agreement, the County shall promptly notify the Agency of such non-funding and the termination of this Agreement. However, in no event, shall the County notify the Agency of such non-funding later than thirty (30) days following the expiration of the county fiscal year for which the Transportation Funds were last appropriated for contribution to the Agency under this Agreement.

9. Assignment and Transfer of Transportation Funds. The Agency shall not assign or transfer its obligations under this Agreement nor its rights to the Transportation Funds under this Agreement without prior written consent from the County. The Agency shall use the Transportation Funds provided pursuant to this Agreement exclusively and solely for the purposes set forth in the Agreement.

10. Notices. Any notice required or permitted to be given hereunder shall be deemed sufficient if given by a communication in writing, and shall be deemed to have been received (a) upon personal delivery or actual receipt thereof, or (b) within three days after such notice is deposited in the United States mail, postage pre-paid, and certified and addressed as follows:

If to Salt Lake County: County Mayor
2001 South State, N2-100
Salt Lake City, Utah 84190
Attention: Economic Development Director

With a copy to: Salt Lake County District Attorney
35 East 500 South
Salt Lake City, Utah 84111

If to the Agency: Salt Lake City Redevelopment Agency
City & County Building
451 South State, Room 404
Salt Lake City, Utah 84111
Attn: Chief Administrative Officer
or
P.O. Box 145518
Salt Lake City, Utah 84114

With a copy to:

Salt Lake City Attorney's Office
P.O. Box 145478
451 South State Street, Suite 505A
Salt Lake City, UT 84114-5478

11. Entire Agreement. Subject to the requirements in 6(b) above, this Agreement and the documents referenced herein, if any, constitute the entire Agreement between the Parties with respect to the subject matter hereof, and no statements, promises, or inducements made by either Party, or agents for either Party, that are not contained in this written Agreement shall be binding or valid; and this Agreement may not be enlarged, modified or altered, except in writing, signed by the Parties.

12. Amendment. This Agreement may be amended, changed, modified or altered only by an instrument in writing signed by both Parties. If the amendment, change, or modification is material, the instrument shall be: (a) approved by the governing bodies of the County and the Agency, including the adoption of any necessary resolutions or ordinances by the County and the Agency authorizing the execution of any amendment, change, modification or alteration of this Agreement by the appropriate person or persons for the County and the Agency, respectively, (b) executed by a duly authorized official of each of the Parties, (c) submitted to an attorney for each Party that is authorized to represent said Party for review as to proper form and compliance with applicable law, pursuant to Section 11-13-202.5 of the Interlocal Act, and the execution by each respective attorney, and (d) filed with the keeper of the records of each Party.

13. Event of Default. The occurrence of any one or more of the following shall constitute an "Event of Default" as such term is used herein:

(a) Failure of a Party to comply with any of the material terms, conditions, covenants, or provisions of this Agreement that is not fully cured by such Party on or before the expiration of a sixty (60) day period (or, if the other Party approves in writing—which approval shall not be unreasonably withheld, conditioned or delayed—such longer period as may be reasonably required to cure a matter which, due to its nature, cannot reasonably be cured within 60 days) commencing upon the non-defaulting Party's written notice to the defaulting Party of the occurrence thereof.

(b) Remedies in the Event of Default. Upon the occurrence of any Event of Default, the non-defaulting Party may, in its sole discretion, pursue all remedies conferred by law or equity or other provisions of this Agreement.

(c) Governing Law and Venue. The laws of the State of Utah govern all matters arising out of this Agreement. Venue for any and all legal actions arising hereunder will lie in the District Court in and for the County of Salt Lake, State of Utah.

14. No Obligations to Third Parties. The Parties agree that the Agency's obligations under this Agreement are solely to the County and that the County's obligations under this

Agreement are solely to the Agency. The Parties do not intend to confer any rights to third parties unless otherwise expressly provided for under this Agreement.

15. Agency. No officer, employee, or agent of the Agency or the County is intended to be an officer, employee, or agent of the other Party. None of the benefits provided by each Party to its employees including, but not limited to, workers' compensation insurance, health insurance and unemployment insurance, are available to the officers, employees, or agents of the other Party. The Agency and the County will each be solely and entirely responsible for its acts and for the acts of its officers, employees, or agents during the performance of this Agreement.

16. No Waiver. The failure of either Party at any time to require performance of any provision or to resort to any remedy provided under this Agreement will in no way affect the right of that Party to require performance or to resort to a remedy at any time thereafter. Additionally, the waiver of any breach of this Agreement by either Party will not constitute a waiver as to any future breach.

17. Severability. If any provision of this Agreement is found to be illegal or unenforceable in a judicial proceeding, such provision will be deemed inoperative and severable, and, provided that the fundamental terms and conditions of this Agreement remain legal and enforceable, the remainder of this Agreement shall remain operative and binding on the Parties.

18. Counterparts. This Agreement may be executed in counterparts and all so executed will constitute one agreement binding on all the Parties, it being understood that all Parties need not sign the same counterpart. Further, executed copies of this Agreement delivered by facsimile or email will be deemed an original signed copy of this Agreement.

IN WITNESS WHEREOF, this Agreement is executed to be effective as of the Effective Date.

[The balance of this page was left blank intentionally – Signature pages follow]

INTERLOCAL AGREEMENT -- SIGNATURE PAGE FOR COUNTY

SALT LAKE COUNTY:

Mayor Jennifer Wilson or Designee

Dated: _____, 20____

Approved by:

OFFICE OF REGIONAL DEVELOPMENT

By BHT

Name: BLAKE H. THOMAS

Title: ECONOMIC DEVELOPMENT DIRECTOR

Dated: AUGUST 26, 2019

Approved as to Form and Legality:

SALT LAKE COUNTY DISTRICT ATTORNEY

By /s/ Jason S. Rose
Jason S. Rose
Deputy District Attorney

Date 23 August 2019

[Signatures continue on next page.]

INTERLOCAL AGREEMENT -- SIGNATURE PAGE FOR Agency

**REDEVELOPMENT AGENCY OF SALT
LAKE CITY:**

Jacqueline M. Biskupski, Executive Director
Dated: _____, 2019

Approved as to Proper Form and Compliance with Applicable Law:

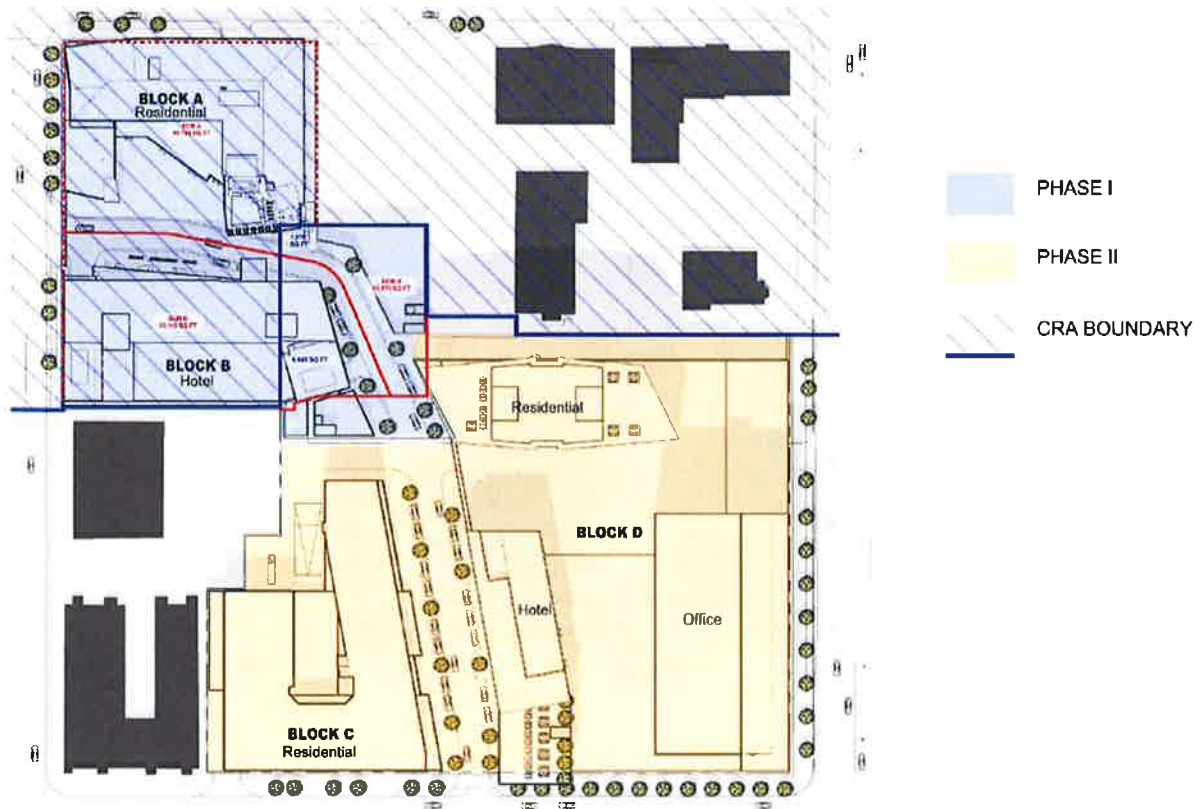
Salt Lake City Attorney's Office

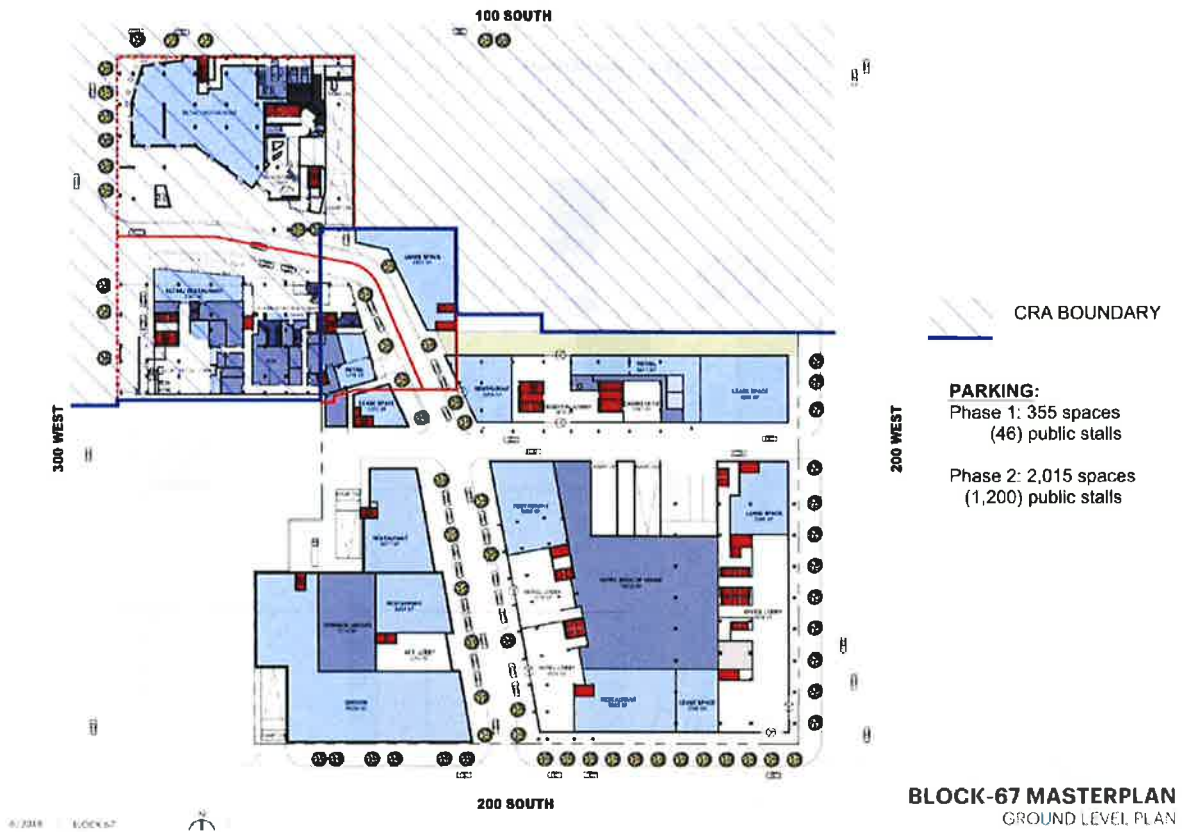
Katherine N. Lewis

Dated: _____, 2019

Exhibit A

Description of the Project, Including Phase I and Phase II





Midblock walkway from 300 West to 200 South, and 300 West to 200 West

	Phase I Requirements	Phase II Requirements	Total
Residential	One tower, 240 units	400 units	640 units
Retail	20,000 square feet	85,000 square feet	105,000 square feet
Hotel	One dual branded hotel, 272 keys	508 keys	780 keys
Parking	46 public stalls*	1,200 public stalls*	1,246 public stalls*
Office	X	465,000 square feet	465,000 square feet

*Shall be made available to the general public after 5 pm weekdays, all day on weekends, and at a rate comparable to the going market rate. The general public is defined as stalls that are not reserved or sold, but spaces available to all.

As generally depicted in the following rendering:



