

County Contract No.

DA Log No. 20-16926

**INTERLOCAL COOPERATION AGREEMENT
BETWEEN SALT LAKE COUNTY AND
THE REDEVELOPMENT AGENCY OF SALT LAKE CITY**

[9 Line Community Reinvestment Area Tax Increment]

THIS INTERLOCAL COOPERATION AGREEMENT (this “Agreement”) is entered into 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 public entity (the “Agency”) (collectively, the “Parties”).

RECITALS

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, The Agency is a community reinvestment agency created and existing under the Limited Purpose Local Government Entities – Community Reinvestment Agency Act, Utah Code Ann. §§ 17C-1-101 *et seq.*, (the “Act”). The Agency is authorized under the Act to conduct urban renewal, economic development, community development, and community reinvestment activities within Salt Lake City, Utah; and

WHEREAS, Pursuant to Resolution No. R-24-2018 adopted by the Agency on August 21, 2018 and Ordinance 50-2018 adopted by the Salt Lake City Council on October 2, 2018, the 9 Line Community Reinvestment Area Plan (the “Project Area Plan”) has been approved, a copy of which is attached hereto as **Exhibit A**, which includes the legal description and a map of the 9 Line Community Reinvestment Area (the “Project Area”); and

WHEREAS, Under the Project Area Plan, the Agency desires to support commercial corridors and employment hubs to support living-wage jobs; attract and expand neighborhood retail and services; provide an array of housing choices to meet the needs of current residents while attracting new residents including new families; and increase neighborhood livability and safety; and

WHEREAS, The County, as a taxing entity, now desires to consent to the Agency receiving certain tax increment (as defined in 17C-1-102(61) of the Act) (“Tax Increment”) created by development activities in the Project Area to assist in development as set forth in the Project Area Plan; and

WHEREAS, Section 17C-5-204 of the Act authorizes the County to consent to the payment to the Agency of its share of Tax Increment generated from the Project Area for the purposes set forth in the Project Area Plan.

AGREEMENT

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

1. Base Year and Base Taxable Value. The calculation of the annual Tax Increment shall be made using the 2016 tax year (the “Base Tax Year”) and the base taxable value shall be the assessed taxable value of all Property within the Project Area for the Base Tax Year, which is \$228,048,136 (the “Base Taxable Value”).

2. Budget. Pursuant to Subsection 17C-5-204(6)(c) of the Act, the County’s portion of tax increment in the Project Area budget is reflected in **Exhibit B**, which is attached hereto and incorporated by reference.

3. Payment of Tax Increment and Collection Period. The County hereby agrees and consents that the County shall pay 100% of the County’s portion of the Tax Increment from the Project Area (the “County’s Contribution”), subject to the Annual Mitigation Payment defined below. The County’s Contribution shall be paid for a term of twenty (20) years beginning with the 2021 tax year. Pursuant to Subsection 17C-5-204(6)(d) of the Act, the County is prohibited from proportionately reducing the Tax Increment the County consents to pay to the Agency by the amount of any direct expenditures the County makes within the Project Area for the benefit of the Project Area or the Agency. This Agreement does not include a contribution of sales and use tax, and the Agency shall not seek a contribution of sales and use tax from the County with respect to the Project Area.

(a) Annual Mitigation Payment. Notwithstanding Section 3 of this Agreement, the Parties hereby agree that for each tax year during the collection period, the Agency shall transfer an amount equal to 50% of the County’s Contribution back to the County (the “Annual Mitigation Payment”). The Agency’s transfer of the Annual Mitigation Payment to the County each year shall occur no later than three months following the Agency’s receipt of County’s Contribution from the Salt Lake County Treasurer. The amount equal to the County’s Contribution less the Annual Mitigation Payment is hereinafter referred to as the “Agency’s Share.” However, the Parties agree that if this Annual Mitigation Payment in this Subsection 3(a) is ever held to be invalid or unenforceable by a court of competent jurisdiction or as a result of legislative or administrative action, or if the County ever provides a written notice to the Agency calling for the elimination of the Annual Mitigation Payment in this Subsection (3)(a) from the Agreement for any other reason, then the Parties agree that, in lieu of the Annual Mitigation Payment under this Subsection 3(a) and starting with the next tax year for which County Tax Increment has not already been paid to the Agency, the County’s Contribution under Section (3) will be reduced by 50% — in addition to any reduction for the County’s administration and operations — and that the Salt Lake County Treasurer shall pay the remainder of County’s Tax Increment directly to the County. Such reductions in the County’s Contribution should be adjusted proportionally to any

increases in the Agency's Share as provided under Sections 5 and 6 of this Agreement. Furthermore, if a reduction to the County's Contribution is triggered under this Subsection 3(a), the Agency agrees that it will not seek repayment of and will waive any claim to any portion of the Annual Mitigation Payment that has already been paid to the County.

(b) Affordable Housing Set Aside – Agency Obligation. Agency agrees to encumber at least 90% of its Affordable Housing Set-Aside increment received from the County, within 5 years of receipt, for projects that satisfy Section 17C-1-412. The objective of this provision is to use the County's Contribution to create an increase in affordable housing within the Project Area and not to replace affordable housing already available.

4. (a) Representations. To induce the County to execute and perform this Agreement, the Agency hereby represents to the County as follows:

- i. Local Community Contribution. The Agency and the City have entered into an interlocal cooperation agreement wherein the City has agreed to contribute 75% of its Tax Increment to the Agency for the duration of the collection period.
- ii. Sufficiency of Tax Increment. To the best of the Agency's knowledge, the amount of Tax Increment that the Agency expects to receive from the County, is sufficient to carry out and accomplish some of the objectives of the Project Area Plan.
- iii. Legal Requirements. To the best of the Agency's knowledge, the Agency is not in violation of any legal requirements pursuant to this Agreement and no violation of legal requirements exist with respect to the establishment of the Project Area.
- iv. No Violation of Other Agreements. To the best of the Agency's knowledge, the consummation of the transactions contemplated by this Agreement and the performance of this Agreement will not result in any breach of, or constitute a default under, any agreement or other instrument pertaining to this Project Area.

b. Effect of Disbursement of County's Contribution to Agency. The Agency agrees that its receipt of the County's Contribution under this Agreement each year during the collection period, constitutes an affirmation that the representations of this Section remain true and correct as of the date thereof, unless the County is notified to the contrary prior to the Agency's receipt of County Contribution.

5. Increase in Agency Share in Year Six. If each of the performance benchmarks listed under Subsection 5(a) has been accomplished prior to December 31st of the fifth (5th) tax year of the collection period then, starting with the sixth (6th) tax year of the collection period, the Annual

Mitigation Payment shall be reduced to an amount equal to 40%, thereby increasing the Agency's Share to 60% of the County's Contribution for the remainder of the collection period. The Agency will establish it has met the performance benchmarks by providing a written report to the County prior to December 31st of the fifth (5th) tax year, which report is subject to a review by the County within 30 days of receipt. If the Agency provides such written report and the County has confirmed that the Agency has accomplished the performance benchmarks listed under Subsection 5(a), the increase in the Agency's Share shall not be unreasonably withheld by the County. This increase is not subject to the Salt Lake County Council's approval.

- a) Performance benchmarks: The performance benchmarks are as follows:
 - i. Accessory Dwelling Unit (ADU) Program. The Agency will establish a loan or subsidy program to facilitate the construction of ADUs specific to the Project Area;
 - ii. Anti-Displacement Strategy. The Agency will endeavor to develop an anti-displacement strategy specific to the Project Area; and
 - iii. Sustainable Development. The Agency will endeavor to create a sustainable development policy that incentivizes or requires sustainable building technologies be utilized at specified levels of RDA financial participation in the Project Area.

6. Increase in Agency Share in Year Eleven. If requested by Agency and approved by the Salt Lake County Council prior to December 31st of the tenth (10th) tax year of the collection period, then, starting with the eleventh (11th) tax year of the collection period, the Annual Mitigation Payment shall be reduced to an amount equal to 25%, thereby increasing the Agency's Share to 75% of the County's Contribution for the remainder of the collection period. If the Agency is not in default under this Agreement, the County Council's approval shall not be unreasonably withheld.

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

- b) This Agreement shall be authorized and adopted by resolution of the legislative body of each Party pursuant to and in accordance with the provisions of Section 11-13-202.5 of the Interlocal Act.
- c) 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 and in accordance with the Section 11-13-202.5(3) 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.

e) A duly executed original counterpart of this Agreement shall be filed immediately with the keeper of records of each Party pursuant to Section 11-13-209 of the Interlocal Act.

f) No separate legal entity is created by the terms of this Agreement. The Executive Director of the Agency is hereby designated the administrator for all purposes of the Interlocal Act, pursuant to Section 11-13-207 of the Interlocal Act.

g) Following the execution of this Agreement by each of the Parties, each Party shall cause a notice regarding this Agreement to be published in accordance with Section 11-13-219 of the Interlocal Act.

h) No real or personal property shall be acquired jointly by the Parties as a result of this Agreement. To the extent a Party acquires, holds, or disposes of any real or personal property for use in the joint or cooperative undertaking contemplated by this Agreement, such Party shall do so in the same manner that it deals with other property of such Party.

8. Notices. All notices, communications, requests, and waivers required under this Agreement must be in writing. All notices shall be given (i) by delivery in person, (ii) by a nationally recognized next day courier service; or (iii) by first class, registered or certified mail, postage prepaid. Notices may also be given by electronic mail, provided that any such communication is concurrently given by one of the methods set forth in the preceding sentence. All notices shall be addressed in each case as follows (or to such other address as either party may specify in writing from time to time):

To Agency: Redevelopment Agency of Salt Lake City
451 South State Street, Room 118
PO Box 145518
Salt Lake City, Utah 84114-5460
Attn: Chief Operating Officer

With a copy to: Salt Lake City Attorney's Office
451 South State Street, Room 505A
P.O. Box 145478
Salt Lake City, Utah 84114-5460
Attn: Senior City Attorney

To County: Salt Lake County
Office of Regional Development
2001 South State Street, S2-100
PO Box 144575
Salt Lake City, Utah 84114-4575
Attn: Director

With a copy to: Office of the District Attorney
35 East 500 South

Salt Lake City, Utah 84111
Attn: Mr. Jason Rose

9. Event of Default. An “Event of Default” is the failure of a Party to comply with any of the material terms, conditions, covenants, or provisions of this Agreement, or any action or activity of the Agency using the County’s Contribution within the Project Area that, materially deviates from the actions or activities contemplated by the Project Area Plan or the Project Area Budget, 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. 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.

10. 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.

11. Modification and Amendment. Any modification or amendment to any provision of this Agreement shall be effective only if the modification or amendment is in writing and signed by each of the Parties. Any oral representation or modification concerning this Agreement shall be of no force or effect.

12. Entire Agreement. This Agreement and the exhibits attached hereto constitute the entire agreement between the Parties pertaining to the subject matter hereof, and all prior agreements, representations, negotiations and understandings of the Parties hereto, oral or written, express or implied, are hereby superseded by this Agreement.

13. 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.

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. Assignment. No Party may assign its rights, duties or obligations under this Agreement without obtaining prior written consent from the other Party.

17. 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.

18. 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.

19. 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.

20. Further Assurance. Each of the Parties hereto agrees to cooperate in good faith with the other, to execute and deliver such further documents, to adopt any resolutions, to take any other official action, and to perform such other acts as may be reasonably necessary or appropriate to consummate and carry into effect the transactions contemplated under this Agreement.

21. Authorization. Each of the Parties hereto represents and warrants to the other that the warranting Party has taken all steps, including the publication of public notice where necessary, in order to authorize the execution, delivery, and performance of this Agreement by each such Party.

This Agreement will become effective when all the Parties have signed it. The date this Agreement is signed by the last party to sign it (as indicated by the date stated under that party's signature) will be deemed the date of this agreement.

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

REDEVELOPMENT AGENCY OF SALT LAKE
CITY

Erin Mendenhall, Executive Director

Approved as to form:
Salt Lake City Attorney's Office

Allison Parks

INTERLOCAL AGREEMENT -- SIGNATURE PAGE FOR COUNTY

SALT LAKE COUNTY:

Mayor Jennifer Wilson or Designee

Dated: _____, 20____

Approved by:

OFFICE OF REGIONAL DEVELOPMENT

By _____

Name: _____

Title: _____

Dated: _____, 20____

Approved as to Form and Legality:

SALT LAKE COUNTY DISTRICT ATTORNEY

By _____

Jason S. Rose
Senior Attorney

Date _____

EXHIBIT A

[Attach Project Area Plan]

EXHIBIT B
Salt Lake County's Tax Increment from the
9 Line Community Reinvestment Area

The Redevelopment Agency of Salt Lake City (“**Agency**”) shall be entitled to retain a portion of Salt Lake County’s (“**County**”) portion of the Tax Increment from the 9 Line Community Reinvestment Area (the “**Project Area**”) for twenty (20) years beginning with the 2021 tax year. The calculation of annual Tax Increment shall be made using (a) Salt Lake County’s then current tax levy rate for the District, and (b) the 2016 base year taxable value of \$228,048,136, which taxable value is subject to adjustment as required by law.

As further defined in the Agreement, the Agency shall receive 100% of the County’s portion of the Tax Increment from the Project Area as the County’s Contribution. The Agency shall transfer a portion of the County’s Contribution back to the County as the Annual Mitigation Payment, with the balance to be retained by the Agency as the Agency’s Share. The schedule of the County’s Contribution, Annual Mitigation Payment, and Agency’s share shall be as follows:

Tax Years of the Term	County's Contribution	Annual Mitigation Payment	Agency's Share	
			%	Maximum*
1 - 5	100%	50%	50%	\$2,081,211
6 - 10**	100%	40%	60%	\$2,491,388
11 - 20***	100%	25%	75%	\$3,122,000

*Note: The Maximum shall be the maximum cumulative amount collected as the Agency’s Share over the collection period.

**Note: The Agency's Share shall increase to 60% at year six (6) with a maximum cap of \$2,491,388 only if the Agency establishes it has met the performance benchmarks as further described in the Agreement. If the Agency does not establish it has met the performance benchmarks, the Agency's Share will remain at 50% for the remainder of the collection period unless the Agency's Share is approved to be increased at year eleven (11) pursuant to the provisions outlined in the Agreement.

***Note: The Agency's Share shall increase to 75% at year eleven (11) with a maximum cap of \$3,122,000 only if requested by Agency and approved by the Salt Lake County Council as further described in the Agreement. If the increase is not requested and/or approved, the Agency's Share shall remain unchanged.

I. BUDGET ALLOCATIONS

The Agency’s Share shall be utilized to implement the 9 Line Community Reinvestment Area Plan (the “**Project Area Plan**”) as follows:

Activity	Agency's Share Level		
	50%	60%	75%
1. Redevelopment Activities	76%	78%	81%
2. Housing	10%	10%	10%
3. Agency Administration and Operations*	8%	7%	5%
4. County Administration and Operations*	6%	5%	4%
Total	100%	100%	100%

*Note: The percentage of Administration and Operations fees shall be calculated based on the County's Contribution and be paid out of the Agency's Share. The percentage of the County's Contribution will remain constant, at 3% for County Administration and Operations and 4% for Agency Administration and Operations. However, the percentage of Administration and Operations as a percentage of the Agency's Share varies with different contribution levels.

Description of activities is as follows:

1. **Redevelopment Activities:** The tax increment expected to be used to carry out project development activities as further described in the Project Area Plan. Activities may include, but not be limited to, land acquisition, public improvements, infrastructure improvements, loans, grants, and other incentives to public and private entities.
2. **Housing:** The tax increment expected to be used for housing activities pursuant to Utah Code 17C. Housing funds generated from the District's portion of tax increment shall be geographically restricted for use within the Project Area.
3. **RDA Administration and Operations:** The tax increment expected to be used to cover the RDA's operating costs of administering and implementing the Project Area Plan.
4. **County Administration and Operations:** The tax increment expected to be used to cover the County's operating costs of establishing and administering this interlocal agreement and transferring subsequent tax increment to the RDA during the Project Area's term.