

INTERLOCAL COOPERATION AGREEMENT

THIS INTERLOCAL COOPERATION AGREEMENT is made and entered into this 23 day of May, 2018, by and between the **EAGLE MOUNTAIN REDEVELOPMENT AGENCY**, a community reinvestment agency and political subdivision of the State of Utah (the "Agency"), and the **CENTRAL UTAH WATER CONSERVANCY DISTRICT**, a political subdivision of the State of Utah (the "Water District") in contemplation of the following facts and circumstances:

A. **WHEREAS**, the Agency was created and organized pursuant to the provisions of the Utah Neighborhood Development Act, Utah Code Annotated ("UCA") §17A-2-1201 *et seq.* (2000), and continues to operate under the provisions of its extant successor statute, the Limited Purpose Local Government Entities - Community Reinvestment Agency Act, Title 17C of the UCA (the "Act"), and is authorized and empowered under the Act to undertake, among other things, various community development activities pursuant to the Act, including, among other things, assisting Eagle Mountain City (the "City") in development activities that are likely to advance the policies, goals and objectives of the City's general plan, contributing to capital improvements which substantially benefit the City, creating economic benefits to the City, and improving the public health, safety and welfare of its citizens; and

B. **WHEREAS**, this Agreement is made pursuant to the provisions of the Act and the Interlocal Cooperation Act (UCA Title 11, Chapter 13) (the "Cooperation Act"); and

C. **WHEREAS**, the Agency will create the Sweet Water Industrial Park Community Reinvestment Project Area #1 (the "Project Area"), through the adoption of the Sweet Water Industrial Park #1 Plan (the "Project Area Plan"), located within the City, which Project Area is described in Exhibit "A" attached hereto and incorporated herein by this reference; and

D. **WHEREAS**, the Project Area contains vacant and underutilized land, which is anticipated to be developed, with encouragement and planning by the Agency, as a data center consisting of real and personal property including a building or group of buildings for the construction, maintenance, use and/or operation of a data center, including ancillary buildings consisting of office buildings, utility buildings and temporary and/or prefabricated construction management buildings (each a "Building" and collectively the "Buildings"). The Agency has not entered into any participation or development agreements with developers but anticipates that prior to development of the Project Area, the City and/or the Agency may enter into one or more participation agreements with one or more developer(s) which will provide certain terms and conditions upon which the Project Area will be developed using, in part, "Tax Increment" (as that term is defined in the Act), generated from the Project Area; and

E. **WHEREAS**, historically, the Project Area has generated a total of \$66 per year in property taxes for the various taxing entities, including the City, Utah County (the "County"), Alpine School District (the "School District"), and other taxing entities; and

F. **WHEREAS**, upon full development as contemplated in the Project Area Plan, property taxes produced by the Project Area for the City, the County, the School District, and other taxing entities are projected to total approximately \$8,374,500 per year; and

G. **WHEREAS**, the Agency has requested the City, the County, the School District, and other taxing entities to participate in the promotion of development in the Project Area by agreeing to remit to the Agency for a specified period of time specified portions of the increased real and personal property tax (i.e., Tax Increment,) which will be generated by the Project Area; and

H. **WHEREAS**, it is in the best interest of the citizens of the Water District for the Water District to remit such payments to the Agency to permit the Agency to leverage private development of the Project Area; and

I. **WHEREAS**, the Agency has retained Lewis Young Robertson & Burningham, Inc., an independent financial consulting firm with substantial experience regarding community reinvestment projects and tax increment funding across the State of Utah, to prepare the Project Area Plan and to provide a report regarding the need and justification for investment of Tax Increment revenues from and within the Project Area. A copy of the report is included in the Draft Project Area Plan attached as Exhibit "B"; and

J. **WHEREAS**, the Agency will create the Sweet Water Industrial Park Community Reinvestment Project Area #1 Budget (the "Project Area Budget"), a draft copy of which is attached as Exhibit "C", which Project Area Budget, generally speaking, outlines the anticipated generation, payment and use of Tax Increment within the Project Area;

K. **WHEREAS**, the parties desire to set forth in writing their agreements regarding the nature and timing of such assistance;

NOW, THEREFORE, the parties agree as follows:

1. **Additional Tax Revenue.** The Water District has determined that significant additional Tax Increment will likely be generated by the development of the Project Area as described in further detail in the Project Area Plan and Project Area Budget. Each of the parties acknowledge, however, that the development activity required for the generation of the Tax Increment is not likely to occur within the foreseeable future or to the degree possible or desired without Tax Increment participation in order to induce and encourage such development activity.

2. **Offset of Development Costs and Expenses.** The Water District has determined that it is in the best interests of its citizens to pay specified portions of its portion of Tax Increment to the Agency in order for the Agency to offset costs and expenses which will be incurred by Agency or participants in Project Area development, including, without limitation, the construction and installation of Buildings, infrastructure improvements, personal property and other development related costs needed to serve the Project Area, to the extent permitted by the Act, the Project Area Plan, and the Project Area Budget, each as adopted and amended from time to time

3. **Base Year and Base Year Value.** The base year, for purposes of calculation of the Base Taxable Value (as that term is defined in the Act), shall be 2017, meaning the Base Taxable Value shall, to the extent and in the manner defined by the Act, be equal to the equalized taxable value shown on the 2017 Utah County assessment rolls for all property located within the Project Area (which is currently estimated to be \$5,867, but is subject to final adjustment and verification by the County and Agency).

4. **Agreement(s) with Developer(s).** The Agency is authorized to enter into one or more participation agreements with one or more participants which may provide for the payment of certain amounts of Tax Increment (to the extent such Tax Increment is actually paid to and received by the Agency from year to year) to the participant(s) conditional upon the participant (s)'s meeting of certain performance measures as outlined in said agreement. Such agreement shall be consistent with the terms and conditions of this Agreement, shall require as a condition of the payment to the participant(s) that the respective participant or its approved successors in title as owners of all current and subsequent parcels within the Project Area, as outlined in Exhibit "A" (the "Property"), shall pay any and all taxes and assessments which shall be assessed against the Property in accordance with levies made by applicable municipal entities in accordance with the laws of the state of Utah applicable to such levies, and such other performance measures as the Agency may deem appropriate.

5. **Payment Trigger.** The Property may be developed in Phases. A "Phase" means each phase of the development of the Property as designated by a participant, which Phase shall include at least one (1) Building and any associated real property identified and designated by a participant. A Phase may or may not be a legally subdivided parcel of real property. The first year of payment of Tax Increment from the Water District to the Agency shall be determined by the Agency. The Agency may trigger the collection of Tax Increment for a Phase by delivering a letter or other written request to the Utah County Auditor's office identifying such Phase (the "Trigger Notice"). The Agency shall be entitled to receive Tax Increment for each Phase for an initial period of twenty (20) full calendar years commencing with the year after the Agency delivers a Trigger Notice for such Phase (each, an "Increment Period"). However, the Agency will no longer be entitled to receive tax increment on any Phase after 2059.

6. **Total Payment to Agency.** The Water District shall authorize the County to remit to the Agency, beginning with property tax receipts during each Increment Period for each Phase, 100% of the annual Tax Increment generated from the personal property tax within the Project Area and 80% of the annual Tax Increment generated from the real (*i.e.*, building, land, and fixtures) and centrally assessed property within the Project Area; provided, however, that the total amount of such Tax Increment attributable to the Water District's tax attributable to real property tax (*i.e.*, building, land, and fixtures which are assessed as real property) attributable to the Water District's tax levy that is paid to the Agency under this Agreement shall not exceed \$3,000,000 per Phase (the "Real Property Tax Increment Cap"). The Real Property Tax Increment Cap shall not apply to Tax Increment generated from personal property.

7. **Property Tax Increase.** This Agreement provides for the payment of the increase in real, personal property, and centrally assessed property taxes collected from the Project Area by the County acting as the tax collection agency for the Water District. Without limiting the foregoing, this Agreement includes Tax Increment resulting from an increase in the tax rate of the Water District, which is hereby expressly approved as being included in Tax Increment as required by Section 17C-1-407 of the Act. It is expressly understood that the Property Taxes which are the subject of this Agreement are only those Property Taxes actually collected by the County from the Project Area.

8. **Future Increment Period Conditions.** The Agency will receive the same participation and level of tax increment received during the initial Increment Period for each additional Phase conditional upon the Agency amending the Project Area Plan and Project Area Budget for each additional Phase and providing notice to the Water District of such amendments.

9. **No Independent Duty.** The Water District shall be responsible to remit to the Agency only Tax Increment actually received by the County acting as the tax collecting agency for the Water District. The Water District shall have no independent duty to pay any amount to the Agency other than the Tax Increment actually received by the County, on behalf of the Water District on an annual basis during each Increment Period for each Phase.

10. **Authority to Bind.** Each individual executing this Agreement represents and warrants that such person is authorized to do so, and, that upon executing this Agreement, this Agreement shall be binding and enforceable in accordance with its terms upon the party for whom such person is acting.

11. **Further Documents and Acts.** Each of the parties hereto agrees to cooperate in good faith with the others, and to execute and deliver such further documents and perform such other acts as may be reasonably necessary or appropriate to consummate and carry into effect the transactions contemplated under this Agreement.

12. **Notices.** Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and delivered to an officer or duly authorized representative of the other party in person or by Federal Express, private commercial delivery or courier service for next business day delivery, or by United States mail, duly certified or registered (return receipt requested), postage prepaid, and addressed to the party for whom intended, as follows:

If to Water District:
Central Utah Water Conservancy District
Attn: District Board
355 W. University Pkwy
Orem, UT 84058
Phone: (801) 226-7100

If to Agency:
Eagle Mountain Redevelopment Agency
Attn: Agency Board
1650 E. Stagecoach Run
Eagle Mountain, UT 84005
Phone: (801) 789-6603

Any party may from time to time, by written notice to the others as provided above, designate a different address which shall be substituted for that specified above. Notice sent by mail shall be deemed served or delivered seventy-two (72) hours after mailing. Notice by any other method shall be deemed served or delivered upon actual receipt at the address or facsimile number listed above. Delivery of courtesy copies noted above shall be as a courtesy only and failure of any party to give or receive a courtesy copy shall not be deemed to be a failure to provide notice otherwise properly delivered to a party to this Agreement.

13. **Entire Agreement.** This Agreement is the final expression of and contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. This Agreement and its exhibits constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understandings of the parties hereto, oral or written, express or implied, are hereby superseded and merged herein.

14. **No Third Party Benefit.** The parties do not intend to confer any benefit hereunder on any person, firm or corporation other than the parties hereto. There are no intended third party beneficiaries to this Agreement.

15. **Construction.** Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. Unless otherwise indicated, all references to paragraphs and subparagraphs are to this Agreement. In the event the date on which any of the parties is required to take any action under the terms of this Agreement is not a business day, the action shall be taken on the next succeeding business day.

16. **Partial Invalidity.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this

- b. This Agreement has been, on or prior to the date hereof, 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 provisions of Section 11-13-202.5(3) of the Cooperation Act;
- c. 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 Cooperation Act;
- d. The Chair of the Agency is hereby designated the administrator for all purposes of the Cooperation Act, pursuant to Section 11-13-207 of the Cooperation Act; and
- e. Should a party to this Agreement desire to terminate this Agreement, in part or in whole, each party to the Agreement must adopt, by resolution, an amended Interlocal Cooperation Agreement stating the reasons for such termination. Any such amended Interlocal Cooperation Agreement must be in harmony with any development/participation agreement(s) entered into by the Agency as described in this Agreement.
- f. Immediately after execution of this Agreement by both Parties, the Agency shall, on behalf of both parties, cause to be published notice regarding this Agreement pursuant to Section 11-13-219 of the Cooperation Act.
- g. This Agreement makes no provision for the parties acquiring, holding and disposing of real and personal property used in the joint undertaking as such action is not contemplated as part of this Agreement nor part of the undertaking. Any such provision would be outside the parameters of the current undertaking. However, to the extent that this Agreement may be construed as providing for the acquisition, holding or disposing of real and/or personal property, all such property shall be owned by the Agency upon termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day specified above.

Water District: CENTRAL UTAH WATER
CONSERVANCY DISTRICT

Attest:

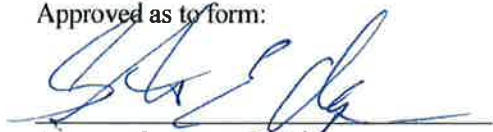

Secretary

By:



Its: Board Chair

Approved as to form:


Attorney for Water District

Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

17. **Amendments.** No addition to or modification of any provision contained in this Agreement shall be effective unless fully set forth in writing executed by each of the parties hereto.

18. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

19. **Waivers.** No waiver of any breach of any covenant or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

20. **Governing Law.** This Agreement and the exhibits attached hereto shall be governed by and construed under the laws of the State of Utah. In the event of any dispute hereunder, it is agreed that the sole and exclusive venue shall be in a court of competent jurisdiction in Utah County, Utah, and the parties hereto agree to submit to the jurisdiction of such court.

21. **Declaration of Invalidity.** In the event that a court of competent jurisdiction declares that the County or the Water District cannot pay and/or that the Agency cannot receive payments of the Tax Increment, declares that the Agency cannot pay the Tax Increment to developers, or takes any other action which has the effect of eliminating or reducing the payments of Tax Increment received by the Agency, the Agency's obligation to pay the Tax Increment to developers shall be reduced or eliminated accordingly, the Agency, and the Water District shall take such steps as are reasonably required to not permit the payment and/or receipt of the Tax Increment to be declared invalid.

22. **No Separate Legal Entity.** No separate legal entity is created by this Agreement.

23. **Duration.** This Agreement shall terminate with respect to a particular Phase upon the expiration of each Tax Increment Period for such Phase but shall continue for all undeveloped Phases. Notwithstanding, this Agreement shall terminate after the fortieth year following the trigger year of the first Phase.

24. **Assignment.** No party may assign its rights, duties or obligations under this Agreement without the prior written consent first being obtained from all parties. Notwithstanding the foregoing, such consent shall not be unreasonably withheld or delayed so long as the assignee thereof shall be reasonably expected to be able to perform the duties and obligations being assigned.

25. **Termination.** Upon any termination of this Agreement resulting from the uncured default of any party, the order of any court of competent jurisdiction or termination as a result of any legislative action requiring such termination, then any funds held by the Agency and for which the Agency shall not be required to disburse to developers in accordance with the agreements which govern such disbursement, then such funds shall be returned to the party originally remitting same to the Agency and upon such return this Agreement shall be deemed terminated and of no further force or effect.

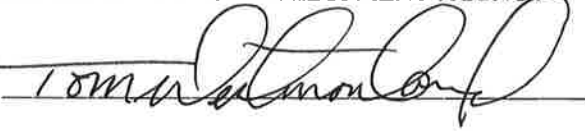
26. **Interlocal Cooperation Act.** In satisfaction of the requirements of the Cooperation Act in connection with this Agreement, the Parties agree as follows:

- a. This Agreement has been, on or prior to the date hereof, 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 Cooperation Act;

Agency: EAGLE MOUNTAIN REDEVELOPMENT AGENCY

Attest:

By:

A handwritten signature in black ink, appearing to read "Tom H. Hannon", written over a horizontal line.

Its: Chair

A handwritten signature in black ink, appearing to read "Tom Hannon", written over a horizontal line.
Executive Director

Approved as to form:

A large, stylized handwritten signature in blue ink, written over a horizontal line.
Attorney for Agency

Agency: EAGLE MOUNTAIN REDEVELOPMENT AGENCY

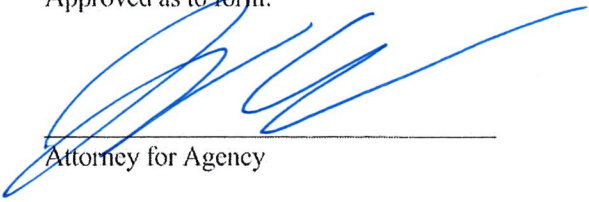
Attest:

By: _____

Its: Chair

Secretary

Approved as to form:



Attorney for Agency

EXHIBIT "A"
to
INTERLOCAL AGREEMENT

Legal Description of Project

Serial number: 59:057:0003

Legal Description: NW 1/4 AND W 1/2 OF NE 1/4, SEC. 25, T6S, R2W, SLB&M. ALSO DESCRIBED AS:; COM FR W 1/4 COR. SEC. 25, T6S, R2W, SLB&M.; N 0 DEG 20' 51" E 2676.06 FT; S 88 DEG 58' 33" E 2671.21 FT; S 88 DEG 58' 30" E 1335.59 FT; S 0 DEG 54' 3" W 2663.6 FT; N 89 DEG 9' 8" W 3980.95 FT TO BEG. AREA 244.782 AC.

Serial number: 59:057:0004

Legal Description: SW 1/4 AND W 1/2 OF SE 1/4, SEC. 25, T6S, R2W, SLB&M. ALSO DESCRIBED AS:; COM FR W 1/4 COR. SEC. 25, T6S, R2W, SLB&M.; S 89 DEG 9' 8" E 3980.95 FT; S 0 DEG 55' 59" W 2657.55 FT; N 89 DEG 24' 13" W 1367.89 FT; N 89 DEG 21' 28" W 2582.02 FT; N 0 DEG 15' 59" E 2672.94 FT TO BEG. AREA 242.655 AC.

**EXHIBIT “B”
To
INTERLOCAL AGREEMENT**

Project Area Plan

**EXHIBIT “C”
To
INTERLOCAL AGREEMENT**

Project Area Budget